



OHIO AUDITOR OF STATE
KEITH FABER



**GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund.....	19
Statement of Fund Net Position Governmental Activities - Internal Service Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Position Governmental Activities - Internal Service Fund	21
Statement of Cash Flows Governmental Activities - Internal Service Fund	22
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio	62

**GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY
JUNE 30, 2021**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information (Continued):	
Schedule of the School District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio.....	64
Schedule of the School District's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio.....	66
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) State Teachers Retirement System of Ohio.....	67
Schedule of School District Contributions School Employees Retirement System of Ohio.....	68
Schedule of School District Contributions State Teachers Retirement System of Ohio.....	70
Notes to the Required Supplementary Information.....	72
Schedule of Expenditures of Federal Awards.....	77
Notes to the Schedule of Expenditures of Federal Awards.....	78
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	79
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	81
Schedule of Findings.....	83
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	85
Corrective Action Plan.....	86

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Gallia County Local School District
Gallia County
4836 State Route 325
Patriot, Ohio 45658

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gallia County Local School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Also, as discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 9, 2022

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Gallia County Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

The discussion and analysis of the Gallia County Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. 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 financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- Net position of governmental activities increased \$3,327,653.
- General revenues accounted for \$27,737,946 in revenue or 70.1 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$11,832,181 or 29.9 percent of total revenues of \$39,570,127.
- The School District had \$36,242,474 in expenses related to governmental activities; only \$11,832,181 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$27,737,946 were adequate to cover the remaining expenses.
- The School District has three major funds: the General Fund, the Bond Retirement Debt Service Fund, and the Permanent Improvements Capital Projects Fund. Total governmental funds had \$38,182,207 in revenues and \$34,902,802 in expenditures. The total governmental fund balance increased \$3,655,178.

USING THE BASIC FINANCIAL STATEMENTS

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 Position and the 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 at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position 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 2021?" The Statement of Net Position 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.

Gallia County Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

These two statements report the School District's net position and changes in position. This change in net position 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 Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, 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 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple 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, the Bond Retirement Debt Service Fund, and the Permanent Improvements Capital Projects Fund.

Governmental Funds All 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 be readily 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 Position 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 was previously used to account for excess coverage for claims in excess of contract amounts for medical, life, and dental benefits. The balance remaining in the fund is being utilized to pay administrative costs for the School District's Flexible Spending Account.

Gallia County Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2020 compared to 2019.

Table 1
Net Position

	Governmental Activities		
	2021	2020	Change
Assets			
Current and Other Assets	\$39,087,074	\$32,154,849	\$6,932,225
Net OPEB Asset	1,701,779	1,673,792	27,987
Capital Assets, Net	46,092,723	47,677,568	(1,584,845)
Total Assets	86,881,576	81,506,209	5,347,380
Deferred Outflows of Resources			
Pensions and OPEB	6,407,916	7,390,131	(982,215)
Unamortized Deferred Amount of Refunding	1,568,666	1,694,160	(125,494)
Total Deferred Outflow of Resources	7,976,582	9,084,291	(1,107,709)
Liabilities			
Current and Other Liabilities	2,490,903	2,347,654	143,249
Long-Term Liabilities:			
Due Within One Year	1,896,772	1,816,686	80,086
Due in More than One Year:			
Net Pension Liabilities	30,322,032	29,280,442	1,041,590
Net OPEB Liabilities	2,216,048	2,943,136	(727,088)
Other Liabilities	32,507,453	34,739,294	(2,231,841)
Total Liabilities	69,433,208	71,127,212	(1,694,004)
Deferred Inflow of Resources			
Property Taxes	14,893,541	12,872,587	2,020,954
Pensions and OPEB	4,996,453	4,498,202	498,251
Total Deferred Inflow of Resources	19,889,994	17,370,789	2,519,205
Net Assets			
Invested in Capital Assets, Net of Related Debt	15,102,781	14,827,179	275,602
Restricted	15,212,121	13,446,809	1,765,312
Unrestricted	(24,779,946)	(26,066,685)	1,286,739
Total Net Assets	\$5,534,956	\$2,207,303	\$3,327,653

Gallia County Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are a part of the "employment exchange"- that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the employment exchange also knowing that there is a specific, legal limit to its contributions to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination benefits. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State Statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include the annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Total assets of governmental activities increased \$5,641,461. This is primarily due to increases in cash and cash equivalents and property taxes receivable in the amounts of \$4,090,764 and \$2,173,524, respectively, and decreases in capital assets in the amount of \$1,584,845. Capital assets decreased due to current year depreciation, which was partially offset by current year additions. Deferred outflows of resources decreased due to pension and OPEB activity.

In total, liabilities decreased \$1,694,004. This was entirely due to payments for debt obligations. Deferred inflows of resources decreased primarily due to increases in property taxes not levied to finance current year operations.

Gallia County Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2021, and comparisons to fiscal year 2020.

Table 2
Changes in Net Position

	Governmental Activities		
	2021	2020	Change
Revenues			
Program Revenues:			
Charges for Services	\$2,932,161	\$2,895,949	\$36,212
Operating Grants, Contributions and Interest	8,867,697	5,356,955	3,510,742
Capital Grants, Contributions and Interest	32,323	0	32,323
	<u>11,832,181</u>	<u>8,252,904</u>	<u>3,579,277</u>
General Revenues:			
Property Taxes	14,855,002	15,027,412	(172,410)
Grants and Entitlements	12,156,244	12,521,502	(365,258)
Investment Earnings	156,697	89,524	67,173
Proceeds from Sale of Capital Assets	2,500	0	2,500
Miscellaneous	194,228	171,546	22,682
Insurance Recoveries	373,275	199,441	173,834
	<u>27,737,946</u>	<u>28,009,425</u>	<u>(271,479)</u>
Total Revenues	<u>39,570,127</u>	<u>36,262,329</u>	<u>3,307,798</u>
Program Expenses			
Instruction:			
Regular	16,033,191	16,186,376	(153,185)
Special	4,697,044	4,570,164	126,880
Vocational	478,128	508,566	(30,438)
Support Services:			
Pupils	1,179,501	1,145,516	33,985
Instructional Staff	847,862	900,880	(53,018)
Board of Education	86,105	88,668	(2,563)
Administration	2,607,055	2,760,520	(153,465)
Fiscal	829,986	865,482	(35,496)
Business	25,313	39,810	(14,497)
Operation and Maintenance of Plant	2,938,704	2,381,140	557,564
Pupil Transportation	2,489,596	2,654,394	(164,798)
Central	830,777	870,410	(39,633)
Operation of Non-Instructional Services:			
Food Service Operations	1,128,114	1,196,239	(68,125)
Extracurricular Activities	813,917	770,688	43,229
Interest and Fiscal Charges	1,257,181	1,312,989	(55,808)
Total Expenses	<u>36,242,474</u>	<u>36,251,842</u>	<u>(9,368)</u>
Increase (Decrease) in Net Assets	3,327,653	10,487	3,317,166
Net Assets at Beginning of Year - Restated	<u>2,207,303</u>	<u>2,196,816</u>	<u>10,487</u>
Net Assets at End of Year	<u>\$5,534,956</u>	<u>\$2,207,303</u>	<u>\$3,327,653</u>

Operating grants, contributions, and interest increased due to new funding resulting from the COVID-19 pandemic.

Property taxes made up approximately 37.5 percent of revenues for governmental activities for the Gallia County Local School District. Of the remaining revenues, the School District receives 53.2 percent from state foundation, federal, and state grants; 7.4 percent from charges for services; and 1.9 percent from interest and local entities.

Gallia County Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increases in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00. This legislation helps explain the healthy increase in the District's taxable value accompanied by only incremental increases in tax revenue. Property taxes made up 37.5 percent of revenues for governmental activities for Gallia County Local School District in 2021. Additionally, increases in property taxes would only have a nominal effect upon the School District's total revenue. This is due to the funding formula in place in Ohio, any increase in property tax revenue would be offset by a corresponding decrease in state funding the School District would receive.

Approximately 58.5 percent of the School District's budget is used to fund instructional expenses. Support services make up 32.6 percent of expenses and 8.9 percent is used for fiscal charges, extracurricular activities, and non-instructional services.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	2021 Total Cost of Services	2021 Net Cost of Services	2020 Total Cost of Services	2020 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$16,033,191	\$11,932,475	\$16,186,376	\$14,417,469
Special	4,697,044	1,774,346	4,570,164	1,996,012
Vocational	478,128	417,560	508,566	397,364
Support Services:				
Pupils	1,179,501	390,795	1,145,516	629,025
Instructional Staff	847,862	(63,316)	900,880	392,264
Board of Education	86,105	86,105	88,668	80,247
Administration	2,607,055	2,241,033	2,760,520	2,272,173
Fiscal	829,986	583,011	865,482	791,269
Business	25,313	25,313	39,810	35,838
Operation and Maintenance of Plant	2,938,704	2,504,824	2,381,140	2,080,162
Pupil Transportation	2,489,596	2,215,334	2,654,394	2,309,955
Central	830,777	313,229	870,410	518,227
Non-Instructional Services:				
Food Service Operations	1,128,114	67,893	1,196,239	271,443
Extracurricular Activities	813,917	664,510	770,688	494,501
Interest and Fiscal Charges	1,257,181	1,257,181	1,312,989	1,312,989
Totals	\$36,242,474	\$24,410,293	\$36,251,842	\$27,998,938

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 67.3 percent of total expenses are supported through taxes and other general revenues.

Gallia County Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

THE SCHOOL DISTRICT FUNDS

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$38,182,207 and expenditures of \$34,902,802.

The fund balance of the General Fund increased \$2,796,598. The General Fund's unassigned fund balance of \$5,090,760 represented 20.9% of current year expenditures.

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 2021, the School District did amend its General Fund estimated revenues. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue estimate was \$27,352,595, which represented a modest change from original estimates of \$27,325,879. The final budget basis expenditure estimate of \$26,754,927 represented a 1.8 percent change from original estimates of \$26,274,240.

The School District's ending unobligated General Fund balance was \$5,231,777.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the School District had \$46,092,723 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. Table 4 shows fiscal year 2021 balances compared to 2020.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land and Improvements	\$826,165	\$1,070,599
Buildings and Improvements	42,775,663	44,214,003
Furniture, Fixtures, and Equipment	1,043,259	1,068,068
Infrastructure	33,228	35,689
Vehicles	1,414,408	1,289,209
Totals	<u>\$46,092,723</u>	<u>\$47,677,568</u>

For additional information on capital assets, see Note 12 to the basic financial statements.

Gallia County Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

Debt

At June 30, 2021, the School District had general obligation and QZAB bonds outstanding in the amount of \$30,320,000, excluding the premium of \$2,678,060. For additional information on debt, see Note 17 to the basic financial statements.

CURRENT ISSUES

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes. Due to slow economic growth, the School District does not foresee any sustainable growth in revenue from property taxes. Thus management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the School District is largely dependent on State funding sources (approximately 70.1 percent of the School District's operating funds come from State foundation payments and other Federal grants and entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. Though, the School District has started to realize small increases in student enrollment and while State revenue growth has shifted toward school districts with low property tax wealth, these changes are will not be enough to continue to offset the increased costs experienced over the last several years.

Although higher per-pupil funding has helped the School District lessen the impact of increased instructional expenses, much of the positive impact has been offset by other negative financial factors that occurred in the past year (increased utility and fuel costs, capital maintenance). In the long run, the fact remains that as long as the State avoids the complete systematic overhaul the Supreme Court ordered in its initial ruling, all schools in Ohio will be faced with the same problem in the future – either increasing its revenue (passing levies) or decreasing expenses (making budget cuts).

As the preceding information shows, the School District continues to depend upon its taxpayers. Although Gallia County Local School District has attempted to keep spending in line with revenues, and carefully watched financial planning, it must improve its revenue to expense ratios if the School District hopes to remain on firm financial footing.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, and 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 or need additional information, contact Jack Webb, Treasurer at Gallia County Local School District, 4836 State Route 325, Patriot, Ohio 45658.

Gallia County Local School District, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$21,226,457
Intergovernmental Receivable	1,911,443
Property Taxes Receivable	15,945,943
Accounts Receivable	3,231
Nondepreciable Capital Assets	603,724
Depreciable Capital Assets, Net	45,488,999
Net OPEB Asset	1,701,779
<i>Total Assets</i>	86,881,576
Deferred Outflows of Resources	
Pensions	5,522,083
OPEB	885,833
Unamortized Deferred Amount on Refunding	1,568,666
<i>Total Deferred Outflows of Resources</i>	7,976,582
Liabilities	
Accounts Payable	112,532
Accrued Wages and Benefits Payable	1,555,500
Contracts Payable	76,483
Intergovernmental Payable	444,611
Matured Compensated Absences	77,739
Accrued Interest Payable	224,038
Long-Term Liabilities:	
Due within One Year	1,896,772
Due in More than One Year:	
Net Pension Liability (See Note 13)	30,322,032
Net OPEB Liability (See Note 14)	2,216,048
Other Amounts Due in More than One Year	32,507,453
<i>Total Liabilities</i>	69,433,208
Deferred Inflows of Resources	
Property Taxes not Levied to Finance Current Year Operations	14,893,541
Pensions	1,346,656
OPEB	3,649,797
<i>Total Deferred Inflows of Resources</i>	19,889,994
Net Position	
Invested in Capital Assets, Net of Related Debt	15,102,781
Restricted for:	
Debt Service	6,153,021
Capital Projects	7,605,815
Other Purposes	1,453,285
Unrestricted	(24,779,946)
<i>Total Net Position</i>	\$5,534,956

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June, 30, 2021

	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Interest		
Governmental Activities					
Instruction:					
Regular	\$16,033,191	\$2,735,190	\$1,359,975	\$5,551	(\$11,932,475)
Special	4,697,044	0	2,922,698	0	(1,774,346)
Vocational	478,128	0	60,568	0	(417,560)
Support Services:					
Pupils	1,179,501	0	788,706	0	(390,795)
Instructional Staff	847,862	0	909,030	2,148	63,316
Board of Education	86,105	0	0	0	(86,105)
Administration	2,607,055	0	366,022	0	(2,241,033)
Fiscal	829,986	0	245,974	1,001	(583,011)
Business	25,313	0	0	0	(25,313)
Operation and Maintenance of Plant	2,938,704	0	428,460	5,420	(2,504,824)
Pupil Transportation	2,489,596	0	256,059	18,203	(2,215,334)
Central	830,777	38,115	479,433	0	(313,229)
Operation of Non-Instructional Services:					
Food Service Operations	1,128,114	9,449	1,050,772	0	(67,893)
Extracurricular Activities	813,917	149,407	0	0	(664,510)
Interest and Fiscal Charges	1,257,181	0	0	0	(1,257,181)
Totals	\$36,242,474	\$2,932,161	\$8,867,697	\$32,323	(24,410,293)
General Revenues					
Property Taxes Levied for:					
General Purposes					10,502,928
Debt Service					3,833,794
Permanent Improvements					518,280
Grants and Entitlements not Restricted to Specific Programs					12,156,244
Investment Earnings					156,697
Miscellaneous					194,228
Proceeds from Sale of Capital Asset					2,500
Insurance Proceeds					373,275
Total General Revenues					27,737,946
Change in Net Assets					3,327,653
Net Position at Beginning of Year - Restated (See Note 3)					2,207,303
Net Position at End of Year					\$5,534,956

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$6,128,206	\$5,871,673	\$7,529,992	\$1,620,173	\$21,150,044
Receivables:					
Property Taxes	11,313,233	4,079,582	553,128	0	15,945,943
Intergovernmental	107,835	0	0	1,803,608	1,911,443
Interfund	1,348,794	0	0	0	1,348,794
Accounts	2,481	0	0	750	3,231
Total Assets	\$18,900,549	\$9,951,255	\$8,083,120	\$3,424,531	\$40,359,455
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$62,766	\$0	\$31,178	\$18,588	\$112,532
Accrued Wages and Benefits Payable	1,328,832	0	0	226,668	1,555,500
Contracts Payable	0	0	76,483	0	76,483
Interfund Payable	0	0	0	1,348,794	1,348,794
Intergovernmental Payable	379,120	0	0	65,491	444,611
Matured Compensated Absences Payable	77,739	0	0	0	77,739
Total Liabilities	1,848,457	0	107,661	1,659,541	3,615,659
Deferred Inflow of Resources					
Property Taxes not Levied to Finance Current Year Operations	10,580,102	3,798,234	515,205	0	14,893,541
Unavailable Revenue - Grants	0	0	0	1,216,895	1,216,895
Unavailable Revenue - Delinquent Taxes	598,233	229,579	30,945	0	858,757
Total Deferred Inflow of Resources	11,178,335	4,027,813	546,150	1,216,895	16,969,193
Fund Balances					
Nonspendable	22,559	0	0	99,187	121,746
Restricted	0	5,923,442	7,429,309	477,465	13,830,216
Assigned	760,438	0	0	0	760,438
Unassigned (Deficits)	5,090,760	0	0	(28,557)	5,062,203
Total Fund Balances	5,873,757	5,923,442	7,429,309	548,095	19,774,603
Total Liabilities and Fund Balances	\$18,900,549	\$9,951,255	\$8,083,120	\$3,424,531	\$40,359,455

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021*

Total Governmental Fund Balances		\$19,774,603
 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.		46,092,723
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	858,757	
Grants	1,216,895	2,075,652
Accrued interest payable is recognized for outstanding long-term liabilities with interest accruals that are not expected to be paid with expendable available resources and therefore are not reported in the funds.		(224,038)
The net pension liability is not due and payable in the current financial period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	5,522,083	
Deferred Inflows - Pension	(1,346,656)	
Net Pension Liability	(30,322,032)	
Deferred Outflows - OPEB	885,833	
Deferred Inflows - OPEB	(3,649,797)	
Net OPEB Asset	1,701,779	
Net OPEB Liability	(2,216,048)	(29,424,838)
An internal service fund is used by management to charge cost of insurance to individuals. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		76,413
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Classroom Facilities General Obligation Bonds	(28,035,000)	
Premium on Bonds	(2,678,060)	
Unamortized Deferred Amount on Refunding	1,568,666	
QZAB Bonds	(2,285,000)	
Copier Lease	(59,736)	
Sick Leave Benefits Payable	(1,346,429)	(32,835,559)
Net Position of Governmental Activities		\$5,534,956

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Bond Retirement	Permanent Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$10,634,756	\$3,868,529	\$523,912	\$0	\$15,027,197
Intergovernmental	13,073,632	245,974	32,323	6,416,271	19,768,200
Investment Earnings	156,122	0	0	575	156,697
Tuition and Fees	2,591,282	0	0	0	2,591,282
Rent	2,500	0	0	0	2,500
Charges for Services	141,358	0	0	47,614	188,972
Extracurricular	7,876	0	0	141,531	149,407
Donations	0	0	0	103,724	103,724
Miscellaneous	185,405	0	0	8,823	194,228
Total Revenues	26,792,931	4,114,503	556,235	6,718,538	38,182,207
Expenditures					
Current:					
Instruction:					
Regular	12,730,169	135,552	190,736	1,030,473	14,086,930
Special	2,653,967	0	0	1,768,770	4,422,737
Vocational	443,406	0	0	0	443,406
Support Services:					
Pupils	359,427	0	0	735,821	1,095,248
Instructional Staff	220,263	0	33,512	607,482	861,257
Board of Education	79,038	0	0	0	79,038
Administration	2,172,631	0	0	248,634	2,421,265
Fiscal	688,975	105,441	14,148	0	808,564
Business	32,905	0	0	0	32,905
Operation and Maintenance of Plant	2,148,897	0	76,639	398,083	2,623,619
Pupil Transportation	1,982,289	0	257,403	180,044	2,419,736
Central	409,390	0	0	401,324	810,714
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,071,266	1,071,266
Extracurricular Activities	451,606	0	0	150,781	602,387
Debt Service:					
Principal Retirement	0	1,771,696	0	0	1,771,696
Interest and Fiscal Charges	0	1,352,036	0	0	1,352,036
Total Expenditures	24,372,963	3,364,725	572,438	6,592,678	34,902,804
Excess of Revenues Over (Under) Expenditures	2,419,968	749,778	(16,203)	125,860	3,279,403
Other Financing Sources (Uses)					
Transfers In	1,355	0	0	41,035	42,390
Proceeds from Sale of Capital Asset	2,500	0	0	0	2,500
Insurance Recoveries	373,275	0	0	0	373,275
Transfers Out	(500)	0	0	(41,890)	(42,390)
Total Other Financing Sources (Uses)	376,630	0	0	(855)	375,775
Net Change in Fund Balance	2,796,598	749,778	(16,203)	125,005	3,655,178
Fund Balances at Beginning of Year - Restated (See Note 3)	3,077,159	5,173,664	7,445,512	423,090	16,119,425
Fund Balances at End of Year	\$5,873,757	\$5,923,442	\$7,429,309	\$548,095	\$19,774,603

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds \$3,655,178

***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 useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Asset Additions	442,368	
Depreciation Expense	<u>(2,027,213)</u>	(1,584,845)

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

Grants	1,184,340	
Delinquent Taxes	<u>(172,195)</u>	1,012,145

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. The difference in the amount of the interest on the Statement of Activities is the result of the following

Amortization of Bond Premium	214,245	
Amortization of Deferred Amount on Refunding	<u>(125,494)</u>	88,751

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,771,696

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.

6,106

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows

Pension	2,212,395	
OPEB	<u>68,362</u>	2,280,757

Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the statement of activities.

Pension	(4,190,270)	
OPEB	<u>142,532</u>	(4,047,738)

The Internal Service Fund used by management to charge the cost 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.

(20,211)

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:

Sick Leave Benefits Payable		<u>165,814</u>
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Change in Net Assets of Governmental Activities

\$3,327,653

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Total Revenues and Other Sources</i>	\$27,325,879	\$27,352,595	\$28,443,201	\$1,090,606
<i>Total Expenditures and Other Uses</i>	<u>26,274,240</u>	<u>26,754,927</u>	<u>27,105,098</u>	<u>(350,171)</u>
<i>Net Change in Fund Balance</i>	1,051,639	597,668	1,338,103	740,435
<i>Fund Balance at Beginning of Year</i>	3,410,978	3,410,978	3,410,978	0
Prior Year Encumbrances Appropriated	<u>482,696</u>	<u>482,696</u>	<u>482,696</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$4,945,313</u></u>	<u><u>\$4,491,342</u></u>	<u><u>\$5,231,777</u></u>	<u><u>\$740,435</u></u>

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
Statement of Fund Net Position
Governmental Activities
Internal Service Fund
June 30, 2021

	<u>Internal Service Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$76,413</u>
Total Assets	<u><u>\$76,413</u></u>
Net Position	
Unrestricted	<u><u>\$76,413</u></u>

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
Statement of Revenue, Expenses and Changes in Fund Net Position
Governmental Activities
Internal Service Fund
June 30, 2021

	<u>Internal Service Fund</u>
Operating Revenues	
Other Revenues	<u>\$0</u>
Operating Expense	
Purchased Services	<u>20,211</u>
<i>Change in Net Position</i>	(20,211)
<i>Net Position at Beginning of Year</i>	<u>96,624</u>
<i>New Position at End of Year</i>	<u><u>\$76,413</u></u>

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio
Statement of Cash Flows
Governmental Activities
Internal Service Fund
June 30, 2021

	Internal Service Fund
<i>Decrease in Cash and Cash Equivalents</i>	
<i>Cash Flows from Operating Activities:</i>	
<i>Cash Flows Received From Customers</i>	\$47,149
<i>Cash Payments for Purchased Services</i>	<u>(67,360)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(20,211)</u></u>
<i>Decrease in Cash and Cash Equivalents</i>	(20,211)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>96,624</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$76,413</u></u>
<i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</i>	
<i>Operating Loss</i>	<u><u>(\$20,211)</u></u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$20,211)</u></u>

See accompanying notes to the general purpose external financial statements

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Note 1 - Description of the School District and Reporting Entity

Gallia County Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's seven instructional/support facilities staffed by 100 classified employees and 175 certified teaching and 15 administrative personnel who provide services to 2,226 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure 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 School District participates in seven organizations, five of which are defined as jointly governed organizations, one risk sharing pool, and one insurance purchasing pool. These organizations are the Metropolitan Educational Technology Association (META) Solutions, the Gallia-Jackson-Vinton Joint Vocational School District, the Gallia-Vinton Educational Service Center, the Educational Regional Service System, the Coalition of Rural and Appalachian Schools, 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 19, 20, and 21 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 generally accepted accounting principles (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.

A. Basis of Presentation

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

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

The statement of net position 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; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the 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. 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. There are two categories of funds utilized by the School District: governmental 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 is the School District's only major governmental fund:

General Fund The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended and transferred according to the general 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 taxes.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Permanent Improvement Fund The Permanent Improvement Fund is a fund provided for capital improvements within the School District. The primary original source of funding for this fund was a transfer from the Bond Retirement Fund. The ongoing source of revenue for this fund is property taxes.

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 position, 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 was used to provide excess coverage for claims in excess of contract amounts for medical, life, and dental benefits provided to employees. As of June 30, 2021, the fund had no claims to process. The remaining net position of \$76,413 is surplus left in the fund utilized to pay administrative fees of the School District's Flex Spending Account.

C. Measurement Focus

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

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 (revenues and other financing sources) and uses (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 fund financial 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 position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenue) and decreases (i.e., expenses) in total net position. The statement of cash flow provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

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 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 basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures, the recording of deferred outflows of resources related to unamortized deferred amounts on refunding, the recording of deferred inflows and outflows of resources related to net pension/OPEB liabilities (assets), and the recording of net pension/OPEB liabilities (assets).

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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. 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 sixty days of fiscal 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 an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). 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 fiscal year when the resources are required to be used or the fiscal 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, student fees, and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District recorded a deferred outflow of resources for the unamortized portion of the deferred amount on refunding of bonds as of June 30, 2021 and for pensions and other postemployment benefits. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, grants, and donations which are not collected in the available period, pensions, and other postemployment benefits. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes and grants not received during the available period. These were reported as revenue on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pensions and other postemployment benefits are only reported on the Statement of Net Position.

Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which are levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 12. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 13 and 14).

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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.

E. Budgetary Process

All funds, other than the agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures 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 has been authorized to allocate appropriations to the function and object levels.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements 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 throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts 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 and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents". During fiscal year 2021, investments were limited to certificates of deposit.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is credited to the General Fund and the Permanent Improvements Capital Project Fund. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$156,122, which includes \$110,857 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented as cash and cash equivalents.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption and donated and purchased food.

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

H. Capital Assets

All of the School District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their acquisition 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 capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful life of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture, Fixtures, and Equipment	8-20 years
Vehicles	10 years
Library and Textbooks	5-15 years

I. Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used aren't eliminated.

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.

J. 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.

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 employees with ten or more years of current service with the School District.

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

K. Accrued Liabilities and Long-term Obligations

All payables, matured compensated absences, 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. 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 governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" 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 it is imposed by law through constitutional provisions.

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 the Board of Education or a School District official delegated that authority by resolution or State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report deficit balances.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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 the amounts in any of the unrestricted fund balance classifications can be used.

M. Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of position.

N. Estimates

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

O. Net Position

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

Net position restricted for other purposes include resources restricted for food service operations and federal and state grants restricted for specific purposes.

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

P. Unamortized Bond Issuance Costs/Bond Premium and Discount

On the government-wide financial statements, bond issuance costs are recorded as expenses on the statement of activities. The School District incurred bond issuance costs related to the 2014 School Improvement Refunding Bonds during a prior fiscal year. Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized as expenditures and other financing sources, respectively.

In the government-wide financial statements, an advance refunding resulting in the defeasance of debt generates an accounting gain or loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This accounting gain/loss is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow/outflow of resources on the Statement of Net Position.

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of the employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

Note 3 – Changes in Accounting Principles

For fiscal year 2021, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and related guidance from (GASB) Implementation Guide No. 2019-02, *Fiduciary Activities*.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and these will be reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balances as of July 1, 2020:

	Nonmajor Governmental Funds
Fund Balance, As Reported, June 30, 2020	\$308,286
<i>Adjustments:</i>	
GASB 84	114,804
Fund Balance, As Reported, July 1, 2020	<u>\$423,090</u>

The implementation of GASB Statement No. 84 had the following effects on net position as of June 30, 2020:

	Governmental Activities
Net Position, As Reported, June 30, 2020	\$2,092,499
<i>Adjustments:</i>	
GASB 84	114,804
Net Position, As Reported, July 1, 2020	<u>\$2,207,303</u>

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2021:

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

	<u>Deficit</u>
Special Revenue Funds:	
Student Wellness and Success	\$76,314
Misc. State Grants	173
ESSER	31,252
CRF-Small Town	4,488
Title I	32,893
Early Childhood	67

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - 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 governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Scholarships	\$0	\$0	\$0	\$99,187	\$99,187
Unclaimed Monies	<u>22,559</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,559</u>
<i>Total Nonspendable</i>	<u>22,559</u>	<u>0</u>	<u>0</u>	<u>99,187</u>	<u>121,746</u>
Restricted for:					
District Managed	0	0	0	153,953	153,953
Debt Service	0	5,923,442	0	0	5,923,442
Capital Improvements	0	0	7,429,309	145,561	7,574,870
Other Purposes	<u>0</u>	<u>0</u>	<u>0</u>	<u>177,951</u>	<u>177,951</u>
<i>Total Restricted</i>	<u>0</u>	<u>5,923,442</u>	<u>7,429,309</u>	<u>477,465</u>	<u>13,830,216</u>
Assigned to:					
Other Purposes	760,438	0	0	0	760,438
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assigned</i>	<u>760,438</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>760,438</u>
Unassigned:	5,090,760	0	0	(28,557)	5,062,203
<i>Total Fund Balances</i>	<u><u>\$5,873,757</u></u>	<u><u>\$5,923,442</u></u>	<u><u>\$7,429,309</u></u>	<u><u>\$548,095</u></u>	<u><u>\$19,774,603</u></u>

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 6 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (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 Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) 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 as follows:

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 (budget basis) rather than committed or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Unrecorded cash is reported on the balance sheet (GAAP) but not on the budgetary basis.

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

Net Change in Fund Balance	
GAAP Basis	\$2,796,598
Revenue Accruals	918,162
Expenditure Accruals	(566,961)
Advances	(990,443)
Encumbrances	<u>(819,253)</u>
Budget Basis	<u><u>\$1,338,103</u></u>

Note 7 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 that the Board 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.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
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); and
8. Certain bankers' acceptances (for a period not to exceed one hundred and eighty days) and commercial paper noted (for a period not to exceed two hundred and seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim monies available for investment at the time of purchase.

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. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$17,545,550 of the School District's bank balance of \$21,887,550 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposited being secured. Effective July 1, 2018, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at 102 percent or a rate set by the Treasurer of State. Financial institutions opting not to participate in OPCS will collateralize

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, 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 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected 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.

The School District receives property taxes from Gallia and Jackson Counties. The 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, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real and public utility taxes which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2021, was \$134,898 in the General Fund, \$51,769 in the Bond Retirement Debt Service Fund, and \$6,978 in the Permanent Improvements Capital Projects Fund. The amount available as an advance at June 30, 2020, was \$115,400 in the General Fund, \$41,780 in the Bond Retirement Debt Service Fund, and \$5,782 in the Permanent Improvements Capital Projects Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as unavailable revenue.

The assessed values upon which the fiscal year 2021 taxes were collected are:

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

	2020 Second Half Collections		2021 First Half Collections	
Agricultural/Residential and Other Real Estate	\$283,011,310	55.20%	\$298,813,260	53.96%
Public Utility Personal	229,654,050	44.80%	254,925,550	46.04%
Total	\$512,665,360	100.00%	\$553,738,810	100.00%
 Tax Rate per \$1,000 of Assessed Valuation	 \$28.25		 \$28.25	

Note 9 - Receivables

Receivables at June 30, 2021, consisted of property taxes, accounts (rents, student fees, and tuition), 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.

All receivables, except delinquent property taxes, are expected to be collected in one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Public Preschool	\$70,896
Parent Mentor	5,917
ESSER	273,615
21st Century	349,417
Title VI-B IDEA	298,570
Title I	354,181
Expanding Opportunities	22,510
School Quality Improvement	42,654
Early Childhood	13,496
Title II-A	67,184
Title IV-A	16,804
Comprehensive Literacy	282,280
Rural and Low Income	5,353
Miscellaneous	108,566
Total	\$1,911,443

Note 10 – Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year are as follows:

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Governmental Activities:

General Fund	\$819,253
Permanent Improvements	621,785
ESSER	762,580
Other Governmental Fuinds	<u>232,683</u>
Total	<u><u>\$2,436,301</u></u>

Note 11 - 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. For fiscal year 2021, the School District contracted with Schools of Ohio Risk Sharing Authority for property and fleet insurance. The type and amount of coverage provided follows:

<u>Property</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
Building and Contents - Replacement Cost	\$1,000	\$87,773,629
Vehicles:		
Bodily Injury:		
Per Person - Per Occurrence	1,000	15,000,000
Per Accident - Per Occurrence	1,000	15,000,000
Property Damage	1,000	15,000,000
Uninsured Motorist:		
Per Person - Aggragate	1,000	1,000,000
Per Accident - Aggragate	1,000	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each individual school district enters into an agreement with SORSA and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays its annual premium to the SORSA (See Note 21).

The types and amounts of coverage provided by the Schools of Ohio Risk Sharing Authority Plan are as follows:

Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018*

Property	Deductible	Limits of Coverage
General Liability:		
Each Occurrence	0	15,000,000
Aggregate Limit	0	17,000,000
Products - Completed Operations Aggregate Limit	0	15,000,000
Fire Legal Liability	0	500,000
Medical Expense Liability - per person/accident	0	10,000/25,000
Employers' Liability:		
Each Occurrence	0	15,000,000
Per Disease Each Employee	0	15,000,000
Per Disease Aggregate	0	15,000,000
Employee Benefits Liability:		
Each Occurrence	0	15,000,000
Aggregate Limit	0	15,000,000
Educational Liability:		
Errors and Omissions - Each Occurrence	0	1,000,000
Errors and Omissions - Aggregate Limit	0	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been so significant reduction in insurance coverage from fiscal year 2020.

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 21). 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 is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate of the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. Managed Care Organization provides administrative, cost control, and actuarial services to the GRP.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Note 12 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance at 6/30/20	Additions	Deductions	Balance at 6/30/21
Capital Assets:				
Non-Depreciable Capital Assets:				
Land	\$603,724	\$0	\$0	\$603,724
Total Non-Depreciable Capital Assets	603,724	0	0	603,724
Depreciable Capital Assets:				
Land Improvements	7,776,224	0	0	7,776,224
Buildings and Improvements	64,741,794	14,030	0	64,755,824
Furniture, Fixtures, and Equipment	2,087,152	72,872	0	2,160,024
Infrastructure	135,627	0	0	135,627
Library and Textbooks	1,138,235	0	0	1,138,235
Vehicles	4,096,280	355,466	283,920	4,167,826
Total Depreciable Capital Assets	79,975,312	442,368	283,920	80,133,760
Less Accumulated Depreciation:				
Land Improvements	(7,309,349)	(244,434)	0	(7,553,783)
Buildings and Improvements	(20,527,791)	(1,452,370)	0	(21,980,161)
Furniture, Fixtures, and Equipment	(1,019,084)	(97,681)	0	(1,116,765)
Infrastructure	(99,938)	(2,461)	0	(102,399)
Library and Textbooks	(1,138,235)	0	0	(1,138,235)
Vehicles	(2,807,071)	(230,267)	283,920	(2,753,418)
Total Accumulated Depreciation	(32,901,468)	(2,027,213) *	283,920	(34,644,761)
Total Capital Assets being Depreciated, Net	47,073,844	(1,584,845)	0	45,488,999
Capital Assets, Net	\$47,677,568	(\$1,584,845)	\$0	\$46,092,723

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,254,221
Special	16,022
Vocational	1,138
Support Services:	
Instructional Staff	2,710
Board of Education	5,420
Administration	4,030
Operation and Maintenance of Plant	318,863
Pupil Transportation	242,888
Food Service Operations	11,715
Extracurricular Activities	170,206
Total Depreciation Expense	\$2,027,213

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 13 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability reported on the statement of net position represents a liability to employees for pensions and OPEB, respectively. Pensions/OPEB are a components of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State Statute requires all funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of health care costs in the form of a monthly premium. State Statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual basis of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing, multiple employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report may be obtained by visiting the SERS website at www.ohsers.org under Employer/Audit Resources.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment for eligible retirees and beneficiaries in 2021.

Funding Policy – 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 by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the Retirement Board did not allocate an employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$535,964 for fiscal year 2021. Of this amount \$53,276 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April, 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC Account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,676,431 for fiscal year 2021. Of this amount \$296,412 is reported as an intergovernmental payable.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	
Proportion of the Net Pension Liability			
Current Measurement Date	0.10421050%	0.09682965%	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.11585300%	0.10105974%	
Change in Proportionate Share	-0.01164250%	-0.00423009%	
			Total
Proportionate Share of the Net			
Pension Liability	\$6,892,702	\$23,429,330	\$30,322,032
Pension Expense	\$751,082	\$3,439,188	\$4,190,270

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$13,389	\$52,570	\$65,959
Net difference between projected and actual earnings on pension plan investments	437,548	1,139,370	1,576,918
Changes of assumptions	0	1,257,702	1,257,702
Changes in proportions and differences between Entity contributions and proportionate share of contributions	79,788	329,321	409,109
School District contributions subsequent to the measurement date	535,964	1,676,431	2,212,395
Total Deferred Outflows of Resources	\$1,066,689	\$4,455,394	\$5,522,083
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$149,815	\$149,815
Changes in proportions and differences between Entity contributions and proportionate share of contributions	422,283	774,558	1,196,841
Total Deferred Inflows of Resources	\$422,283	\$924,373	\$1,346,656

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

\$2,212,395 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$192,760)	\$840,587	\$647,827
2023	(18,168)	190,645	172,477
2024	182,378	461,742	644,120
2025	136,992	361,616	498,608
Total	<u>\$108,442</u>	<u>\$1,854,590</u>	<u>\$1,963,032</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

The most recent experience study was completed for the five year period ending June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$9,442,160	\$6,892,702	\$4,753,658

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020 actuarial valuation, are presented below:

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent, net of investment
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using the mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30 year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30,

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$33,359,287	\$23,429,330	\$15,014,518

Note 14 - Postemployment Benefits

See Note 13 for a description of the net OPEB liability

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. 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 2021, the School District's surcharge obligation was \$68,362.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$68,362 for fiscal year 2021, of which all are reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.10196570%	0.09682965%	
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.11703310%	0.10105974%	
Change in Proportionate Share	-0.01506740%	-0.00423009%	
Proportionate Share of the Net			Total
Net OPEB Liability	\$2,216,048	\$0	\$2,216,048
Net OPEB (Asset)	\$0	(\$1,701,779)	(\$1,701,779)
OPEB Expense	(\$67,564)	(\$74,968)	(\$142,532)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$29,106	\$109,042	\$138,148
Net difference between projected and actual earnings on OPEB plan investments	24,970	59,639	84,609
Changes of assumptions	377,759	28,092	405,851
Changes in proportion and differences between Entity contributions and proportionate share of contributions	92,874	95,989	188,863
School District contributions subsequent to the measurement date	<u>68,362</u>	<u>0</u>	<u>68,362</u>
Total Deferred Outflows of Resources	<u><u>\$593,071</u></u>	<u><u>\$292,762</u></u>	<u><u>\$885,833</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,127,015	\$338,968	\$1,465,983
Changes of assumptions	55,816	1,616,403	1,672,219
Changes in proportion and differences between Entity contributions and proportionate share of contributions	<u>481,995</u>	<u>29,600</u>	<u>511,595</u>
Total Deferred Inflows of Resources	<u><u>\$1,664,826</u></u>	<u><u>\$1,984,971</u></u>	<u><u>\$3,649,797</u></u>

\$68,362 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	(\$225,133)	(\$413,230)	(\$638,363)
2023	(223,328)	(372,857)	(596,185)
2024	(223,624)	(358,701)	(582,325)
2025	(210,300)	(380,862)	(591,162)
2026	(179,485)	(83,345)	(262,830)
Thereafter	<u>(78,246)</u>	<u>(83,214)</u>	<u>(161,460)</u>
Total	<u><u>(\$1,140,116)</u></u>	<u><u>(\$1,692,209)</u></u>	<u><u>(\$2,832,325)</u></u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$2,712,388	\$2,216,048	\$1,821,459

	1% Decrease (6.00% decreasing to 3.75 %)	Current Trend Rate (7.00% decreasing to 4.75 %)	1% Increase (8.00% decreasing to 5.75 %)
School District's proportionate share of the net OPEB liability	\$1,744,969	\$2,216,048	\$2,846,001

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Blended Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claim costs process. Claim curves were reflect the projected fiscal year ending June 30, 2021 premium based on the June 30, 2020 enrollment distributions. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure total OPEB liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB liability	(\$1,480,659)	(\$1,701,779)	(\$1,889,392)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	(\$1,877,747)	(\$1,701,779)	(\$1,487,425)

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Note 15 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-eight days vacation per fiscal year, depending upon length of service. Vacation from one fiscal year may be carried forward to future fiscal years. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month up to a maximum accumulation of 325 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 67 days.

Note 16 – Capital Leases

During a previous fiscal year, the School District entered into a capital lease for copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Capital assets acquired by lease have been capitalized in the amount of \$134,280, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the statement of net position. During fiscal year 2021, the District made principal payments in the amount of \$26,696, paid by the General Fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement and the present value of the future minimum lease payments as of June 30, 2021:

Fiscal Year Ending June 30,	Amount
2022	\$30,132
2023	30,132
2024	2,501
	<u>62,765</u>
Less: Interest	<u>(3,029)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$59,736</u></u>

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Note 17 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2021 were as follows:

	Principal Outstanding 6/30/20	Additions	Deductions	Principal Outstanding 6/30/21	Amounts Due in One Year
Classroom Facilities General Obligation					
Bonds - 2014 2% - 5%	\$29,565,000	\$0	\$1,530,000	\$28,035,000	\$1,610,000
Premium	2,892,305	0	214,245	2,678,060	0
2016 QZAB Bond	2,500,000	0	215,000	2,285,000	220,000
Total HB 264 Obligations	34,957,305	0	1,959,245	32,998,060	1,830,000
Capital Lease	86,432	0	26,696	59,736	27,957
Net Pension Liability:					
SERS	6,931,688	0	38,986	6,892,702	0
STRS	22,348,754	1,080,576	0	23,429,330	0
Total Net Pension Liabilities	29,280,442	1,080,576	38,986	30,322,032	0
Net OPEB Liability:					
SERS	2,943,136	0	727,088	2,216,048	0
STRS	0	0	0	0	0
Total Net OPEB Liability	2,943,136	0	727,088	2,216,048	0
Compensated Absences	1,512,243	178,575	344,389	1,346,429	38,815
Total Governmental Activities Long-Term Liabilities	\$68,779,558	\$1,259,151	\$3,096,404	\$66,942,305	\$1,896,772

Classroom Facilities General Obligation Bonds On July of 2014, the School District issued \$35,350,000 in Classroom Facilities General Obligation Bonds, in an advance refunding of \$35,825,000 of the Classroom Facilities General Obligation Bonds issued in 2006. The bonds were issued for a 19 year period with final maturity on November 1, 2033. The bonds are being retired with property taxes from the Bond Retirement Debt Service Fund.

The advance refunding of the 2006 Classroom Facilities General Obligation Bonds resulted in a difference of \$2,384,377 between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization for fiscal year 2021 was \$125,494.

The School District defeased \$35,825,000 of the 2006 Classroom Facilities General Obligation Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments due to the old bonds. Accordingly, the trust assets and the liability of the defeased bonds were not included in the School District's financial statements. \$35,825,000 of the bonds were redeemed on July 1, 2016.

The 2014 Classroom Facilities General Obligations Bonds are considered current interest bonds (serial bonds) which will be redeemed over a period through November 1, 2033.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Qualified Zone Academy Bonds The 2016 Qualified Zone Academy Bonds (QZAB) were issued in 2016 in the amount of \$3,327,920 for a 15 year period in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34). These bonds were issued for the purpose of energy conservation improvements and the SCS STEM Education Academy. The QZAB does not bear interest. The bonds will be retired with property taxes from the Bond Retirement Debt Service Fund.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	2014 Refunding Bonds			2016 QZAB
	Principal	Interest	Total	Principal
2022	\$1,610,000	\$1,270,100	\$2,880,100	\$220,000
2023	1,685,000	1,187,725	2,872,725	220,000
2024	1,775,000	1,101,225	2,876,225	225,000
2025	1,860,000	1,010,350	2,870,350	225,000
2026	1,950,000	915,100	2,865,100	225,000
2027-2031	11,120,000	3,228,700	14,348,700	1,170,000
2032-2034	8,035,000	545,375	8,580,375	0
	<u>\$28,035,000</u>	<u>\$9,258,575</u>	<u>\$37,293,575</u>	<u>\$2,285,000</u>

Compensated Absences will be paid from the fund which employee's salaries are paid. Capital leases are being retired from the General Fund. There is no repayment schedule for sick leave benefits or net pension liability. However, employer pension contributions are made from the following funds: General Fund, and the Food Service, Title VI-B Idea, and the Title I Special Revenue Funds. For additional information related to the net pension liability and net OPEB liability see Notes 13 and 14.

The School District's overall legal debt margin was \$19,516,493, with an unvoted debt margin of \$553,739 at June 30, 2021

Note 18 - Interfund Activity and Balances

A. Transfers

During fiscal year 2021, the General Fund made a transfer in the amount of \$500 to the Student Activities Special Revenue Fund, the Student Activities Special Revenue Fund made a transfer in the amount \$1,355 to the Public School Support Special Revenue Fund, and the 019 Local Grants Special Revenue Fund made a transfer in the amount of \$38,115 to the Food Service Special Revenue Fund. These transfers were used to move unrestricted revenue collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund Balances

Interfund balances at June 30, 2021, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Funds.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

	Interfund Receivables	Interfund Payables
General Fund	<u>\$1,348,794</u>	<u>\$0</u>
Other Governmental Funds:		
Local Grants	0	70,000
Student Activities	0	3,373
Early Childhood	0	30,520
Miscellaneous State Grants	0	1,992
ESSER	0	895,525
Small Town	0	4,488
Title VI-B IDEA	0	130,842
Title I	0	123,703
Public Preschool	0	599
Title II-A	0	29,710
Miscellaneous Federal	0	58,042
Total Other Governmental Funds	<u>0</u>	<u>1,348,794</u>
Total All Funds	<u>\$1,348,794</u>	<u>\$1,348,794</u>

Note 19 - Jointly Governed Organization

A. Metropolitan Educational Technology Association

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2021, the School District paid \$177,182 for services with META/MEC/SEOVEC. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

B. Gallia-Jackson-Vinton Joint Vocational School District

The 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, Stephanie Rife, Treasurer/CFO, at 351 Buckeye Hills Road, Rio Grande, Ohio 45674.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

C. Gallia-Vinton Educational Service Center

The Gallia-Vinton Educational Service Center is a jointly governed organization providing educational services to its member school districts. The Education Service Center is governed by a board of education comprised of eight members appointed by the participating districts. The board controls the financial activity of the Education 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 upon the School District's continuing participation and no equity interest exists. During fiscal year 2021, the School District made \$14,176 in contributions to the Educational Service Center. To obtain financial information contact the Gallia-Vinton Educational Service Center, Jay Carter, Treasurer/CFO, PO Box 178, Rio Grande, Ohio 45674.

D. Educational Regional Service System (ERSS)

The Education 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 educational initiatives and efforts to improve school effectiveness and student achievement. Financial information may be obtained by contacting Teresa McGinnis, Treasurer/CFO, at the Athens-Meigs Educational Service Center, PO Box 40, Chauncey, Ohio 45719.

E. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercises total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. Financial information may be obtained by contacting the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

Note 20 - Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Director's 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 Plan. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Note 21 – 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. The 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 is limited to its voting authority and any representative it may have on the board of directors. Financial information may be obtained from SORSA at 8050 North High Street, Columbus, Ohio 43235.

Note 22 - Set-Aside Calculations

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 and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years. In prior fiscal years, the School District was also required to set aside money for budget stabilization and textbooks.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirements for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board of education be returned to the school district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau or Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers' Compensation in the budget reserve pursuant to State Statute and at June 30, 2020, this is all that continues to be set aside.

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

Gallia County Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of as of June 30, 2020	\$0
Current Year Set-Aside Requirement	392,512
Current Year Offsets	(555,038)
Qualifying Disbursements	<u>(283,920)</u>
Totals	<u><u>(\$446,446)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2021	<u><u>\$0</u></u>

The School District has qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

Note 23 - Contingencies

A. Grants

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. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

B. Litigation

The School District is currently not party to any legal proceedings.

C. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2021 foundation funding for the School District, therefore, any financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the School District.

Note 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods for the School District. The School District’s investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Gallia County Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Note 25 – Operating Lease

The School District signed an operating lease in 2015 with SolarCity Corporation for the purpose of solar power production and distribution equipment located on the premises of River Valley Middle School, River Valley High School, Southwestern Elementary School and Addaville Elementary School. During fiscal year 2018, these leases were acquired by SunWyz, LLC. Rental payments made to SunWyz, LLC during fiscal year 2021 was \$49,643 for River Valley High School, \$26,218 for River Valley Middle School, \$33,451 for Addaville Elementary School, and \$26,240 for Southwestern Elementary School. The remaining estimated rental payments are as follows:

Fiscal Year Ending June 30,	River Valley High School	River Valley Middle School	Addaville Elementary School	Southwestern Elementary School	Total
2022	\$50,621	\$26,752	\$34,120	\$27,306	\$138,799
2023	51,631	27,282	34,796	27,848	141,557
2024	52,658	27,824	35,492	28,402	144,376
2025	53,704	28,378	36,192	28,966	147,240
2026	54,767	28,942	36,914	29,534	150,157
2027-2031	290,600	153,556	195,862	156,734	796,752
2032-2036	320,655	169,436	216,126	172,950	879,167
2037-2041	353,824	186,952	238,484	190,830	970,090
2042-2043	106,558	73,238	93,418	74,661	347,875
	<u>\$1,335,018</u>	<u>\$722,360</u>	<u>\$921,404</u>	<u>\$737,231</u>	<u>\$3,716,013</u>

Note 26 - Special Investigation

The Auditor of State is currently conducting an investigation against a former District employee. Any findings, control or compliance issues related to this investigation will be disclosed in a future audit report.

Note 27 – Subsequent Event

For fiscal year 2022, the School District foundation funding received from the State of Ohio will be funding using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who are residents of the School District were funded to the School District who, in turn, made the payment to the educating school. The new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each school district. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase-in percentage of 16.67 percent for fiscal year 2022, and 33.33 percent for fiscal year 2023.

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Gallia County Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Eight Fiscal Years (1)**

	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.10421050%	0.11585300%	0.11085740%	0.11504950%
School District's Proportionate Share of the Net Pension Liability	\$6,892,702	\$6,931,688	\$6,349,009	\$6,873,953
School District's Covered Payroll	\$3,653,393	\$3,834,867	\$3,707,333	\$3,857,300
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.67%	180.75%	171.26%	178.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.60%	70.85%	71.36%	69.50%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.11538150%	0.10195690%	0.09486600%	0.09486600%
\$8,444,861	\$5,817,760	\$4,801,114	\$5,641,377
\$3,583,321	\$3,069,340	\$2,756,623	\$3,137,890
235.67%	189.54%	174.17%	179.78%
62.98%	69.16%	71.70%	65.52%

Gallia County Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Eight Fiscal Years (1)**

	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.09682965%	0.10159740%	0.10251602%	0.10237873%
School District's Proportionate Share of the Net Pension Liability	\$23,429,330	\$22,348,754	\$22,540,971	\$24,320,287
School District's Covered Payroll	\$11,685,829	\$11,864,807	\$11,654,343	\$11,255,286
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.49%	188.36%	193.41%	216.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.09833298%	0.09117680%	0.09015917%	0.09015917%
\$32,915,012	\$25,198,601	\$21,929,830	\$26,122,670
\$10,345,807	\$9,512,771	\$9,212,062	\$9,275,954
318.15%	264.89%	238.06%	281.62%
66.80%	72.10%	74.70%	69.30%

Gallia County Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.10196570%	0.11703310%	0.11226040%	0.11623400%	0.11668920%
School District's Proportionate Share of the Net OPEB Liability	\$2,216,048	\$2,943,136	\$3,114,407	\$3,119,415	\$3,326,074
School District's Covered Payroll	\$3,653,393	\$3,834,867	\$3,707,333	\$3,857,300	\$3,583,321
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	60.66%	76.75%	84.01%	80.87%	92.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.20%	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Gallia County Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.09682965%	0.10105974%	0.10251602%	0.10237873%	0.09833298%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,701,779)	(\$1,673,792)	(\$1,647,328)	\$3,994,440	\$5,258,872
School District's Covered Payroll	\$11,685,829	\$11,864,807	\$11,654,343	\$11,255,286	\$10,345,807
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.56%	-14.11%	-14.13%	35.49%	50.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Gallia County Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	\$535,964	\$511,475	\$517,707	\$500,490
Contributions in Relation to the Contractually Required Contribution	(535,964)	(511,475)	(517,707)	(500,490)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,828,314	\$3,653,393	\$3,834,867	\$3,707,333
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$68,362	\$36,306	\$82,663	\$77,967
Contributions in Relation to the Contractually Required Contribution	(68,362)	(36,306)	(82,663)	(77,967)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.79%</u>	<u>0.99%</u>	<u>2.16%</u>	<u>2.10%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.79%</u>	<u>14.99%</u>	<u>15.66%</u>	<u>15.60%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$540,022	\$501,665	\$404,539	\$382,068	\$434,284	\$405,795
(540,022)	(501,665)	(404,539)	(382,068)	(434,284)	(405,795)
\$0	\$0	\$0	\$0	\$0	\$0
\$3,857,300	\$3,583,321	\$3,069,340	\$2,756,623	\$3,137,890	\$3,017,063
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$60,970	\$58,027	\$81,605	\$52,067	\$50,938	\$60,435
(60,970)	(58,027)	(81,605)	(52,067)	(50,938)	(60,435)
\$0	\$0	\$0	\$0	\$0	\$0
1.58%	1.62%	2.66%	1.89%	1.62%	2.00%
15.58%	15.62%	15.84%	15.75%	15.46%	15.45%

Gallia County Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$1,676,431	\$1,636,016	\$1,661,073	\$1,631,608
Contributions in Relation to the Contractually Required Contribution	<u>(1,676,431)</u>	<u>(1,636,016)</u>	<u>(1,661,073)</u>	<u>(1,631,608)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$11,974,507	\$11,685,829	\$11,964,807	\$11,654,343
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.88%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.88%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$1,575,740	\$1,448,413	\$1,331,788	\$1,197,568	\$1,205,874	\$1,248,427
(1,575,740)	(1,448,413)	(1,331,788)	(1,197,568)	(1,205,874)	(1,248,427)
\$0	\$0	\$0	\$0	\$0	\$0
\$11,255,286	\$10,345,807	\$9,512,771	\$9,212,062	\$9,275,954	\$9,603,285
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
\$0	\$0	\$0	\$90,381	\$93,489	\$95,496
0	0	0	(90,381)	(93,489)	(95,496)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.98%	1.01%	0.99%
14.00%	14.00%	14.00%	13.98%	14.01%	13.99%

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.50 percent to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.

Gallia County Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 6 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from -5.23 percent to 9.62 initial, 4 percent ultimate

Gallia County Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 7.73 percent to 6.5 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.62 percent to 11.87 initial, 4 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.20 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

Gallia County Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2021.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.2 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.
- The municipal bond index rate increased from 2.95 percent to 3.56 percent.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

Gallia County Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

Gallia County Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	2021	\$91,216
Cash Assistance			
COVID-19 School Breakfast Program	10.553	2021	36,047
School Breakfast Program		2021	252,153
COVID-19 National School Lunch Program	10.555	2021	69,308
National School Lunch Program		2020	1,374
National School Lunch Program		2021	569,856
Total Cash Assistance			<u>928,738</u>
Total Child Nutrition Cluster			<u>1,019,954</u>
Total U.S. Department of Agriculture			1,019,954
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund:			
Broadband Ohio Connectivity	21.019	2021	15,443
Rural and Small Town	21.019	2021	197,496
Total Coronavirus Relief Fund			<u>212,939</u>
Total U.S. Department of Treasury			212,939
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I:			
Title I Grants to Local Educational Agencies	84.010	2020	68,171
Title I Grants to Local Educational Agencies	84.010	2021	1,001,843
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	2021	22,510
School Quality Improvement Grant	84.010A	2021	173,120
Total Title I Grants to Local Educational Agencies			<u>1,265,644</u>
Special Education Cluster:			
Special Education Grants to States	84.027	2020	35,383
Special Education Grants to States	84.027	2021	476,507
Parent Mentor Project Supplemental	84.027	2021	1,100
Total Special Education			<u>512,990</u>
Special Education Preschool Grants	84.173	2021	6,136
Special Education Preschool Grants Restoration	84.173	2021	789
Total Early Childhood Special Education			<u>6,925</u>
Total Special Education Cluster			519,915
Twenty-First Century Community Learning Center Grants	84.287	2021	606,297
Rural Education	84.358	2021	42,600
Supporting Effective Instruction State Grants	84.367	2020	6,486
Supporting Effective Instruction State Grants	84.367	2021	151,454
Total Supporting Effective Instruction Quality State Grants			<u>157,940</u>
Comprehensive Literacy Development	84.371	2021	339,260
Student Support and Academic Enrichment Program	84.424	2020	6,873
Student Support and Academic Enrichment Program	84.424	2021	65,853
Total Student Support and Academic Enrichment Program			<u>72,726</u>
Elementary and Secondary School Education Recovery Act:			
Education Stabilization Fund	84.425D	2021	640,076
Education Stabilization Fund	84.425D	2022	6,626
Total Elementary and Secondary School Education Recovery Act			<u>646,702</u>
Total U.S. Department of Education			<u>3,651,084</u>
Total Expenditures of Federal Awards			<u>\$4,883,977</u>

The accompanying notes are an integral part of this Schedule.

**GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Gallia County Local School District, Gallia County (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2021 to 2022 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt.</u> <u>Transferred</u>
Coronavirus Relief Fund-Rural and Small Town	21.019	\$38
Title I Grants to Local Educational Agencies	84.010	\$227,059
School Quality Improvement Grant	84.010A	\$14,556
Special Education - Grants to States	84.027	\$173,081
Special Education - Preschool Grants	84.173	\$12,362
Twenty-first Century Community Learning Center Grants	84.287	\$346,560
Rural Education	84.358	\$2,869
Supporting Effective Instruction State Grants	84.367	\$28,102
Comprehensive Literacy	84.371C	\$211,217
Student Support and Academic Enrichment Program	84.424	\$3,648
COVID-19 Education and Stabilization Fund	84.425D	\$125,372

OHIO AUDITOR OF STATE KEITH FABER



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

Gallia County Local School District
Gallia County
4836 State Route 325
Patriot, Ohio 45658

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Gallia County Local School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated June 9, 2022, wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2021-001 to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 9, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Gallia County Local School District
Gallia County
4836 State Route 325
Patriot, Ohio 45658

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Gallia County Local School District's, Gallia County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Gallia County Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, Gallia County Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 9, 2022

**GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Coronavirus Relief Fund Assistance Listing #21.019 • Title I Grants to Local Educational Agencies Assistance Listing #84.010 • Education Stabilization Fund Assistance Listing #84.425D 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2021-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(Continued)**

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

FINDING NUMBER 2021-001 (Continued)

Material Weakness (Continued)

Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The calculation of Taxes Receivable incorrectly included Homestead and Rollback. This resulted in an overstatement of Taxes Receivable and Property Taxes not Levied to Finance Current Year Operations deferred inflow of resources in the amount of \$262,014 in the Bond Retirement Fund and \$32,067 in the Permanent Improvement Fund.

These adjustments, with which the School District agrees, have been posted to the accompanying basic financial statements.

The Treasurer should review the calculations of Taxes Receivable to assure all relevant amounts are included or excluded as necessary.

Officials' Response: Treasurer will work to ensure there are more accurate GAAP files in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



Gallia County Local Schools

4836 State Route 325 • Patriot, Ohio 45658

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Noncompliance with Ohio Rev. Code § 5705.39 for appropriations exceeding the amount certified as available by the budget commission in the Bond Retirement and Building Funds.	Corrective Action Taken and Finding is Fully Corrected.	
2020-002	Noncompliance and Significant deficiency for misstatements noted in the federal schedule.	Corrective Action Taken and Finding is Fully Corrected.	



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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2021

Finding Number:	2021-001
Planned Corrective Action:	Treasurer will work to ensure more accurate GAAP files in future.
Anticipated Completion Date:	6/30/2022
Responsible Contact Person:	Jack Webb, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



GALLIA COUNTY LOCAL SCHOOL DISTRICT

GALLIA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/28/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov