



OHIO AUDITOR OF STATE
KEITH FABER



**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY
JUNE 30, 2020**

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**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2020, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio, as of June 30, 2020, 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 Matters

As discussed in Note 3 to the financial statements, during 2020, 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 16 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 are 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 March 25, 2021, 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

March 25, 2021

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**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The management's discussion and analysis of Gallia-Jackson-Vinton Joint Vocational School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position decreased \$799,736 during 2020. Net position of governmental activities decreased \$505,966 from 2019 restated net position. Business-type activities net position decreased \$293,770 from 2019 net position.
- General revenues for the governmental activities accounted for \$9,284,223 in revenue or 71.84% of total revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions for the governmental activities accounted for \$3,639,925 or 28.16% of total revenues.
- Total revenues for fiscal year 2020 were \$15,288,055. Of this total, \$12,924,148 was reported in the governmental activities and \$2,363,907 in the business-type activities.
- The District had \$13,430,114 in expenses related to governmental activities; only \$3,639,925 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,284,223 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the permanent improvements fund. The general fund had \$10,592,381 in revenues and other financing sources and \$9,953,544 in expenditures and other financing uses. During fiscal year 2020, the general fund's fund balance increased \$638,837 from a restated balance of \$3,487,082 to \$4,125,919.
- The permanent improvements fund had zero revenues and \$268,354 in expenditures. During fiscal year 2020, the permanent improvements fund's fund balance decreased \$268,354 from a fund balance of \$3,923,491 to a fund balance of \$3,655,137.

Using the Basic Financial Statements (BFS)

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2020?" The statement of net position and the statement of activities answer this question.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

These statements include all non-fiduciary assets, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, and food service operations. The business-type activities include the District's adult education and rotary services programs.

The District's statement of net position and statement of activities can be found on pages 17-19 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the permanent improvements fund. The District's major enterprise fund is the adult education fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 20-24 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 25 - 27 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals. These activities are reported in a custodial fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 28-29. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-71 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 73-88 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2020 and June 30, 2019. The net position at June 30, 2019 has been restated as described in Note 3.B in the notes to the basic financial statements.

Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	<u>(Restated) 2019</u>	2020	2019	2020	<u>(Restated) 2019</u>
Assets						
Current and other assets	\$ 15,292,270	\$ 14,655,788	\$ 2,374,524	\$ 2,423,272	\$ 17,666,794	\$ 17,079,060
Net OPEB asset	617,780	595,265	144,156	121,922	761,936	717,187
Capital assets, net	17,925,194	18,341,634	70,857	101,692	17,996,051	18,443,326
Total assets	<u>33,835,244</u>	<u>33,592,687</u>	<u>2,589,537</u>	<u>2,646,886</u>	<u>36,424,781</u>	<u>36,239,573</u>
Deferred outflows						
Pension	2,297,903	3,217,413	946,081	769,628	3,243,984	3,987,041
OPEB	<u>230,227</u>	<u>203,334</u>	<u>145,706</u>	<u>61,949</u>	<u>375,933</u>	<u>265,283</u>
Total deferred outflows	<u>2,528,130</u>	<u>3,420,747</u>	<u>1,091,787</u>	<u>831,577</u>	<u>3,619,917</u>	<u>4,252,324</u>
Liabilities						
Current liabilities	1,017,750	1,090,624	125,448	87,785	1,143,198	1,178,409
Long-term liabilities						
Due within one year	269,906	215,757	3,742	-	273,648	215,757
Due in more than one year						
Net pension liability	9,913,297	9,830,550	2,276,206	1,814,847	12,189,503	11,645,397
Net OPEB liability	691,022	829,438	145,882	72,124	836,904	901,562
Other amounts	<u>963,730</u>	<u>1,129,206</u>	<u>17,987</u>	<u>11,493</u>	<u>981,717</u>	<u>1,140,699</u>
Total liabilities	<u>12,855,705</u>	<u>13,095,575</u>	<u>2,569,265</u>	<u>1,986,249</u>	<u>15,424,970</u>	<u>15,081,824</u>
Deferred inflows						
Property taxes	3,460,167	3,112,941	-	-	3,460,167	3,112,941
Pension	818,795	1,055,930	292,472	393,874	1,111,267	1,449,804
OPEB	<u>1,125,049</u>	<u>1,139,364</u>	<u>272,573</u>	<u>257,556</u>	<u>1,397,622</u>	<u>1,396,920</u>
Total deferred inflows	<u>5,404,011</u>	<u>5,308,235</u>	<u>565,045</u>	<u>651,430</u>	<u>5,969,056</u>	<u>5,959,665</u>
Net position						
Net investment in capital assets	17,313,194	17,525,634	70,857	101,692	17,384,051	17,627,326
Restricted	1,521,888	1,445,700	-	-	1,521,888	1,445,700
Unrestricted (deficit)	<u>(731,424)</u>	<u>(361,710)</u>	<u>476,157</u>	<u>739,092</u>	<u>(255,267)</u>	<u>377,382</u>
Total net position	<u>\$ 18,103,658</u>	<u>\$ 18,609,624</u>	<u>\$ 547,014</u>	<u>\$ 840,784</u>	<u>\$ 18,650,672</u>	<u>\$ 19,450,408</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are 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 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 exchange also knowing that there is a specific, legal limit to its contribution 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 payments. 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.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

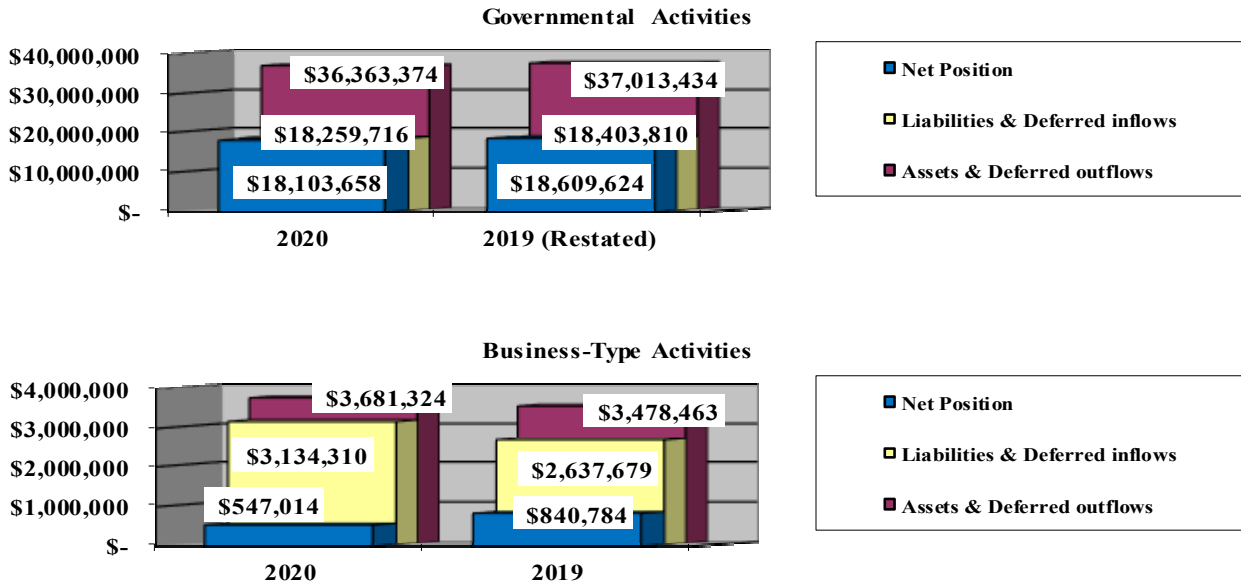
In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,103,658.

At year end, capital assets represented 49.41% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2020 was \$17,384,051. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,521,888, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$255,267.

The graph below illustrates the District's assets, liabilities, deferred inflows of resources, and net position at June 30, 2020 and June 30, 2019.



The table below shows the changes in net position for fiscal years 2020 and 2019. The net position at June 30, 2019 has been restated as described in Note 3.B in the notes to the basic financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	(Restated) <u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	(Restated) <u>2019</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 73,909	\$ 244,446	\$ 1,996,053	\$ 1,480,876	\$ 2,069,962	\$ 1,725,322
Operating grants and contributions	3,566,016	3,167,321	363,659	290,134	3,929,675	3,457,455
General revenues:						
Property taxes	3,241,867	3,201,944	-	-	3,241,867	3,201,944
Grants and entitlements	5,753,825	5,744,834	-	-	5,753,825	5,744,834
Investment earnings	69,963	70,996	-	-	69,963	70,996
Other	218,568	115,698	4,195	1,724	222,763	117,422
Total revenues	<u>12,924,148</u>	<u>12,545,239</u>	<u>2,363,907</u>	<u>1,772,734</u>	<u>15,288,055</u>	<u>14,317,973</u>
Expenses						
Instruction:						
Regular	-	9,081	-	-	-	9,081
Special	651,840	602,272	-	-	651,840	602,272
Vocational	6,689,770	5,550,308	-	-	6,689,770	5,550,308
Adult/continuing	894,609	686,648	-	-	894,609	686,648
Support services:						
Pupil	833,955	535,665	-	-	833,955	535,665
Instructional staff	720,149	643,951	-	-	720,149	643,951
Board of education	80,522	109,819	-	-	80,522	109,819
Administration	919,505	640,120	-	-	919,505	640,120
Fiscal	494,254	432,598	-	-	494,254	432,598
Business	84,836	78,193	-	-	84,836	78,193
Operations and maintenance	1,562,770	1,245,994	-	-	1,562,770	1,245,994
Pupil transportation	17,088	28,064	-	-	17,088	28,064
Central	143,096	200,067	-	-	143,096	200,067
Food service operations	311,701	346,857	-	-	311,701	346,857
Extracurricular activities	8,709	20,615	-	-	8,709	20,615
Interest and fiscal charges	17,310	22,082	-	-	17,310	22,082
Nonmajor enterprise	-	-	14,051	19,637	14,051	19,637
Adult education	-	-	2,643,626	1,650,897	2,643,626	1,650,897
Total expenses	<u>13,430,114</u>	<u>11,152,334</u>	<u>2,657,677</u>	<u>1,670,534</u>	<u>16,087,791</u>	<u>12,822,868</u>
Changes in net position	(505,966)	1,392,905	(293,770)	102,200	(799,736)	1,495,105
Net position at beginning of year (restated)	<u>18,609,624</u>	<u>17,216,719</u>	<u>840,784</u>	<u>738,584</u>	<u>19,450,408</u>	<u>17,955,303</u>
Net position at end of year	<u>\$ 18,103,658</u>	<u>\$ 18,609,624</u>	<u>\$ 547,014</u>	<u>\$ 840,784</u>	<u>\$ 18,650,672</u>	<u>\$ 19,450,408</u>

Governmental Activities

Net position of the District's governmental activities decreased \$505,966. Total governmental expenses of \$13,430,114 were offset by program revenues of \$3,639,925 and general revenues of \$9,284,223. Program revenues supported 27.10% of the total governmental expenses.

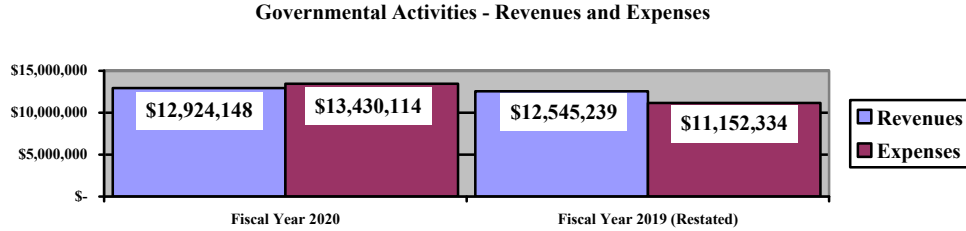
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 69.60% of total governmental revenues.

The largest expense of the District is for instructional programs. Instructional expenses totaled \$8,236,219 or 61.33% of total governmental expenses for fiscal year 2020.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2020 and 2019.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2020 and 2019. That is, it identifies the cost of these services supported by tax revenues, unrestricted State grants and entitlements, and other general revenues of the District.

	Governmental Activities			
	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	(Restated) Net Cost of Services 2019
Program expenses				
Instruction:				
Regular	\$ -	\$ -	\$ 9,081	\$ 9,081
Special	651,840	13,072	602,272	(239,378)
Vocational	6,689,770	5,316,380	5,550,308	4,153,955
Adult/continuing	894,609	97,344	686,648	60,368
Support services:				
Pupil	833,955	397,472	535,665	426,253
Instructional staff	720,149	661,422	643,951	585,194
Board of education	80,522	80,522	109,819	109,819
Administration	919,505	824,754	640,120	523,328
Fiscal	494,254	494,254	432,598	432,598
Business	84,836	84,836	78,193	78,193
Operations and maintenance	1,562,770	1,562,770	1,245,994	1,245,994
Pupil transportation	17,088	17,088	28,064	28,064
Central	143,096	141,296	200,067	198,267
Operation of non-instructional services:				
Food service operations	311,701	72,960	346,857	86,134
Extracurricular activities	8,709	8,709	20,615	20,615
Interest and fiscal charges	17,310	17,310	22,082	22,082
Total expenses	<u>\$ 13,430,114</u>	<u>\$ 9,790,189</u>	<u>\$ 11,152,334</u>	<u>\$ 7,740,567</u>

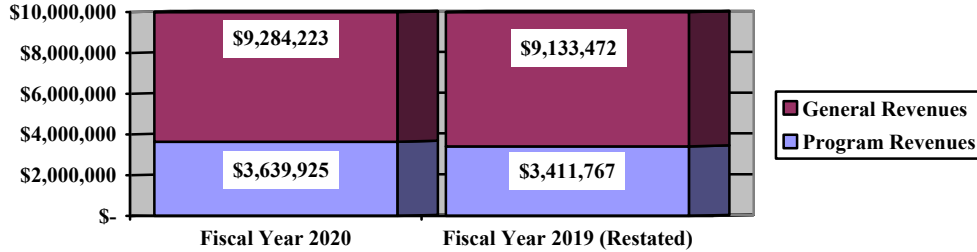
The dependence upon taxes and other general revenues for governmental activities is apparent, as 65.89% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 72.90%. The District's taxpayers and grants and entitlements not restricted to specific programs are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenues for fiscal years 2020 and 2019.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Governmental Activities - General and Program Revenues



Business-type Activities

Business-type activities include adult education program and rotary services. These programs had revenues of \$2,359,712 and expenses of \$2,657,677 for fiscal year 2020.

The District's Funds

Governmental Funds

The District's governmental funds reported a combined fund balance of \$10,283,143, which is greater than last year's total restated fund balance of \$9,837,401. The table below indicates the fund balance and the total change in fund balance as of June 30, 2020 and June 30, 2019.

	Fund Balance <u>June 30, 2020</u>	(Restated) Fund Balance <u>June 30, 2019</u>	<u>Change</u>
General fund	\$ 4,125,919	\$ 3,487,082	\$ 638,837
Permanent improvements fund	3,655,137	3,923,491	(268,354)
Nonmajor governmental funds	<u>2,502,087</u>	<u>2,426,828</u>	<u>75,259</u>
Total	<u>\$ 10,283,143</u>	<u>\$ 9,837,401</u>	<u>\$ 445,742</u>

General Fund

The District's general fund balance increased \$638,837.

The table that follows assists in illustrating the financial activities of the general fund during fiscal years 2020 and 2019.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 3,242,359	\$ 3,210,469	0.99 %
Classroom materials and fees	57,400	30,177	90.21 %
Earnings on investments	69,963	70,996	(1.46) %
Intergovernmental	6,947,774	6,930,629	0.25 %
Other revenues	<u>222,718</u>	<u>118,859</u>	<u>87.38 %</u>
Total	<u>\$ 10,540,214</u>	<u>\$ 10,361,130</u>	<u>1.73 %</u>
<u>Expenditures</u>			
Instruction	\$ 5,797,086	\$ 5,717,541	1.39 %
Support services	3,747,095	3,557,309	5.34 %
Extracurricular activities	<u>7,474</u>	<u>20,615</u>	<u>(63.74) %</u>
Total	<u>\$ 9,551,655</u>	<u>\$ 9,295,465</u>	<u>2.76 %</u>

Overall revenues of the general fund increased \$179,084 or 1.73%. Overall expenditures of the general fund increased \$256,190 or 2.76%. All revenues and expenditures remained comparable to the prior fiscal year.

Permanent Improvements Fund

The permanent improvements fund had zero revenues and \$268,354 in expenditures. During fiscal year 2020, the permanent improvements fund's fund balance decreased \$268,354 from a fund balance of \$3,923,491 to a fund balance of \$3,655,137.

Enterprise Funds

The District's enterprise funds reported operating revenues of \$2,000,248, operating expenses of \$2,654,639, nonoperating expenses of \$3,038 and nonoperating revenues of \$363,659. Net position of the enterprise funds decreased \$293,770 from restated balance of \$840,784 to \$547,014. The enterprise funds reported an operating loss of \$654,391. Net nonoperating revenue and expenses of \$360,621 were not sufficient to report a positive change in net position.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, final budgeted revenues and other financing sources were \$10,753,671, which was \$2,952,413 more than original budgeted revenues and other financing sources of \$7,801,258. Actual revenues and other financing sources remained the same as the final budgeted revenues and other financing sources of \$10,753,671.

General fund original appropriations (appropriated expenditures and other financing uses) of \$14,382,658 were decreased to \$10,513,341 in the final budget. The actual budget basis expenditures and other financing uses were \$10,513,314, which represented a decrease of \$27 from final budgeted expenditures and other financing uses.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the District had \$17,996,051 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles.

The following table shows June 30, 2020 capital asset balances compared to June 30, 2019:

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 136,702	\$ 136,702	\$ -	\$ -	\$ 136,702	\$ 136,702
Land improvements	299,264	95,950	-	-	299,264	95,950
Buildings and improvements	15,841,651	16,338,908	-	-	15,841,651	16,338,908
Furniture and equipment	1,504,699	1,493,435	70,857	101,692	1,575,556	1,595,127
Vehicles	142,878	167,710	-	-	142,878	167,710
Construction in progress	-	108,929	-	-	-	108,929
Total	\$ 17,925,194	\$ 18,341,634	\$ 70,857	\$ 101,692	\$ 17,996,051	\$ 18,443,326

Overall capital assets, net of accumulated depreciation, decreased \$447,275 from fiscal year 2019 to fiscal year 2020. Capital outlays of \$445,850 were exceeded by depreciation expense of \$863,918 and disposals, net of depreciation of \$29,207 during the year.

See Note 8 to the basic financial statements for more detail on the District's capital assets.

Debt Administration

At June 30, 2020, the District had \$612,000 in qualified zone academy bonds. Of this total, \$204,000 is due within one year and \$408,000 is due in more than one year.

At June 30, 2020, the District's overall legal debt margin was \$150,897,125, with an unvoted debt margin of \$1,681,010.

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

Current Financial Related Activities

The financial future of the District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the District must rely heavily on local property taxes. 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 District is largely dependent on State funding sources (approximately 71.0 percent of the District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a school district's property tax wealth. However, for the next two years, foundation revenue is frozen at fiscal year 2019 amount.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Considered a mid-wealth school district, the Gallia-Jackson-Vinton Joint Vocational School District is financially stable and has been over the past several years. As indicated in the preceding financial information, the District is dependent upon property taxes and State funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from property taxes to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Stephanie Rife, Treasurer, Gallia-Jackson-Vinton Joint Vocational School District, P.O. Box 157, Rio Grande, Ohio 45674.

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**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 11,117,750	\$ 2,039,087	\$ 13,156,837
Receivables:			
Property taxes	3,991,673	-	3,991,673
Accounts	11,372	25,101	36,473
Loans	42,213	-	42,213
Intergovernmental	63,474	308,788	372,262
Prepayments	39,767	1,548	41,315
Materials and supplies inventory.	20,429	-	20,429
Inventory held for resale.	5,592	-	5,592
Net OPEB asset	617,780	144,156	761,936
Capital assets:			
Nondepreciable capital assets	136,702	-	136,702
Depreciable capital assets, net.	17,788,492	70,857	17,859,349
Capital assets, net	17,925,194	70,857	17,996,051
Total assets.	33,835,244	2,589,537	36,424,781
Deferred outflows of resources:			
Pension	2,297,903	946,081	3,243,984
OPEB	230,227	145,706	375,933
Total deferred outflows of resources	2,528,130	1,091,787	3,619,917
Liabilities:			
Accounts payable.	69,526	20,739	90,265
Accrued wages and benefits payable	825,317	83,513	908,830
Intergovernmental payable	118,200	21,196	139,396
Accrued interest payable	4,707	-	4,707
Long-term liabilities:			
Due within one year.	269,906	3,742	273,648
Due in more than one year:			
Net pension liability	9,913,297	2,276,206	12,189,503
Net OPEB liability	691,022	145,882	836,904
Other amounts due in more than one year	963,730	17,987	981,717
Total liabilities	12,855,705	2,569,265	15,424,970
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	3,460,167	-	3,460,167
Pension	818,795	292,472	1,111,267
OPEB	1,125,049	272,573	1,397,622
Total deferred inflows of resources	5,404,011	565,045	5,969,056
Net position:			
Net investment in capital assets	17,313,194	70,857	17,384,051
Restricted for:			
Classroom facilities maintenance	867,134	-	867,134
Debt service.	213,491	-	213,491
State funded programs.	201,547	-	201,547
Other purposes	239,716	-	239,716
Unrestricted (deficit)	(731,424)	476,157	(255,267)
Total net position.	\$ 18,103,658	\$ 547,014	\$ 18,650,672

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Special	\$ 651,840	\$ -	\$ 638,768
Vocational	6,689,770	58,729	1,314,661
Adult/continuing.	894,609	-	797,265
Support services:			
Pupil.	833,955	-	436,483
Instructional staff	720,149	-	58,727
Board of education	80,522	-	-
Administration.	919,505	-	94,751
Fiscal.	494,254	-	-
Business.	84,836	-	-
Operations and maintenance	1,562,770	-	-
Pupil transportation.	17,088	-	-
Central	143,096	-	1,800
Operation of non-instructional services:			
Food service operations	311,701	15,180	223,561
Extracurricular activities.	8,709	-	-
Interest and fiscal charges	17,310	-	-
Total governmental activities	13,430,114	73,909	3,566,016
Business-type activities:			
Nonmajor enterprise.	14,051	5,266	-
Adult education	2,643,626	1,990,787	363,659
Total business-type activities	2,657,677	1,996,053	363,659
Totals	\$ 16,087,791	\$ 2,069,962	\$ 3,929,675

General revenues:

Property taxes levied for:	
General purposes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Change in net position	
Net position at beginning of year (restated) .	
Net position at end of year.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (13,072)	\$ -	\$ (13,072)
(5,316,380)	-	(5,316,380)
(97,344)	-	(97,344)
(397,472)	-	(397,472)
(661,422)	-	(661,422)
(80,522)	-	(80,522)
(824,754)	-	(824,754)
(494,254)	-	(494,254)
(84,836)	-	(84,836)
(1,562,770)	-	(1,562,770)
(17,088)	-	(17,088)
(141,296)	-	(141,296)
(72,960)	-	(72,960)
(8,709)	-	(8,709)
(17,310)	-	(17,310)
(9,790,189)	-	(9,790,189)
-	(8,785)	(8,785)
-	(289,180)	(289,180)
-	(297,965)	(297,965)
(9,790,189)	(297,965)	(10,088,154)
3,241,867	-	3,241,867
5,753,825	-	5,753,825
69,963	-	69,963
218,568	4,195	222,763
9,284,223	4,195	9,288,418
(505,966)	(293,770)	(799,736)
18,609,624	840,784	19,450,408
\$ 18,103,658	\$ 547,014	\$ 18,650,672

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Permanent Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,815,019	\$ 3,655,137	\$ 2,647,594	\$ 11,117,750
Receivables:				
Property taxes.	3,991,673	-	-	3,991,673
Accounts	11,372	-	-	11,372
Interfund loans	30,241	-	-	30,241
Loans	42,213	-	-	42,213
Intergovernmental.	1,891	-	61,583	63,474
Prepayments.	7,765	-	32,002	39,767
Materials and supplies inventory.	18,853	-	1,576	20,429
Inventory held for resale.	-	-	5,592	5,592
Total assets	<u>\$ 8,919,027</u>	<u>\$ 3,655,137</u>	<u>\$ 2,748,347</u>	<u>\$ 15,322,511</u>
Liabilities:				
Accounts payable	\$ 49,299	\$ -	\$ 20,227	\$ 69,526
Accrued wages and benefits payable	705,610	-	119,707	825,317
Intergovernmental payable	103,698	-	14,502	118,200
Interfund loans payable.	-	-	30,241	30,241
Total liabilities.	<u>858,607</u>	<u>-</u>	<u>184,677</u>	<u>1,043,284</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . .	3,460,167	-	-	3,460,167
Delinquent property tax revenue not available. . .	472,443	-	-	472,443
Intergovernmental revenue not available.	1,891	-	61,583	63,474
Total deferred inflows of resources	<u>3,934,501</u>	<u>-</u>	<u>61,583</u>	<u>3,996,084</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	18,853	-	1,576	20,429
Prepays.	7,765	-	32,002	39,767
Restricted:				
Debt service	-	-	218,198	218,198
Classroom facilities maintenance	-	-	835,759	835,759
Food service operations	-	-	53,304	53,304
Special education	-	-	222,129	222,129
Student wellness and success.	-	-	201,547	201,547
Committed:				
Student and staff support	67,008	-	-	67,008
Scholarships	439	-	-	439
Assigned:				
Student instruction	58,036	-	-	58,036
Student and staff support.	342,363	-	-	342,363
Subsequent year's appropriations	3,631,455	-	-	3,631,455
Capital improvements	-	3,655,137	1,000,000	4,655,137
Unassigned (deficit)	-	-	(62,428)	(62,428)
Total fund balances	<u>4,125,919</u>	<u>3,655,137</u>	<u>2,502,087</u>	<u>10,283,143</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 8,919,027</u>	<u>\$ 3,655,137</u>	<u>\$ 2,748,347</u>	<u>\$ 15,322,511</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total governmental fund balances		\$	10,283,143
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			17,925,194
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	472,443	
Intergovernmental receivable		63,474	
Total		535,917	535,917
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(4,707)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - Pension		2,297,903	
Deferred Inflows - Pension		(818,795)	
Net pension liability		(9,913,297)	
Total		(8,434,189)	(8,434,189)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - OPEB		230,227	
Deferred inflows of resources - OPEB		(1,125,049)	
Net OPEB asset		617,780	
Net OPEB liability		(691,022)	
Total		(968,064)	(968,064)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.			
Qualified zone academy bonds		(612,000)	
Compensated absences		(621,636)	
Total		(1,233,636)	(1,233,636)
Net position of governmental activities		\$	18,103,658

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Permanent Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 3,242,359	\$ -	\$ -	\$ 3,242,359
Earnings on investments	69,963	-	405	70,368
Charges for services	-	-	15,180	15,180
Classroom materials and fees	57,400	-	-	57,400
Contract services.	4,150	-	-	4,150
Other local revenues	218,568	-	-	218,568
Intergovernmental - state	6,947,774	-	930,964	7,878,738
Intergovernmental - federal	-	-	1,459,021	1,459,021
Total revenues	<u>10,540,214</u>	<u>-</u>	<u>2,405,570</u>	<u>12,945,784</u>
Expenditures:				
Current:				
Instruction:				
Special	-	-	570,374	570,374
Vocational	5,797,086	-	129,575	5,926,661
Adult/continuing	-	-	808,033	808,033
Support services:				
Pupil	490,716	-	243,307	734,023
Instructional staff	589,959	-	60,258	650,217
Board of education	79,337	-	-	79,337
Administration	713,413	-	90,075	803,488
Fiscal	452,878	-	-	452,878
Business.	72,587	-	-	72,587
Operations and maintenance	1,088,519	268,354	318,743	1,675,616
Pupil transportation	11,992	-	-	11,992
Central	247,694	-	1,800	249,494
Operation of non-instructional services:				
Food service operations.	-	-	287,104	287,104
Extracurricular activities	7,474	-	-	7,474
Debt service:				
Principal retirement.	-	-	204,000	204,000
Interest and fiscal charges	-	-	18,931	18,931
Total expenditures	<u>9,551,655</u>	<u>268,354</u>	<u>2,732,200</u>	<u>12,552,209</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>988,559</u>	<u>(268,354)</u>	<u>(326,630)</u>	<u>393,575</u>
Other financing sources (uses):				
Transfers in.	52,167	-	401,889	454,056
Transfers (out).	<u>(401,889)</u>	<u>-</u>	<u>-</u>	<u>(401,889)</u>
Total other financing sources (uses)	<u>(349,722)</u>	<u>-</u>	<u>401,889</u>	<u>52,167</u>
Net change in fund balances	638,837	(268,354)	75,259	445,742
Fund balances at beginning of year (restated) .	<u>3,487,082</u>	<u>3,923,491</u>	<u>2,426,828</u>	<u>9,837,401</u>
Fund balances at end of year.	<u>\$ 4,125,919</u>	<u>\$ 3,655,137</u>	<u>\$ 2,502,087</u>	<u>\$ 10,283,143</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$	445,742
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 445,850	
Current year depreciation	<u>(836,121)</u>	
Total		(390,271)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(26,169)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(492)	
Classroom materials and fees	(2,821)	
Intergovernmental	<u>(18,323)</u>	
Total		(21,636)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		204,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		1,621
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		811,679
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,576,801)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		8,072
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities.		
		194,067
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(43,705)
An internal service fund used by management to charge the cost of insurance to individual funds is not reported in the district-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.		
		<u>(112,565)</u>
Change in net position of governmental activities	\$	<u>(505,966)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 2,490,273	\$ 3,323,031	\$ 3,323,031	\$ -
Earnings on investments	56,238	70,131	70,131	-
Other local revenues	21,772	201,787	201,787	-
Intergovernmental - state	5,055,522	6,947,774	6,947,774	-
Total revenues	<u>7,623,805</u>	<u>10,542,723</u>	<u>10,542,723</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Vocational.	7,035,038	5,830,457	5,830,430	27
Support services:				
Pupil.	571,281	487,635	487,635	-
Instructional staff	1,021,229	682,183	682,183	-
Board of education	171,767	143,736	143,736	-
Administration.	883,637	755,102	755,102	-
Fiscal	552,009	482,334	482,334	-
Business	84,750	72,686	72,686	-
Operations and maintenance.	1,462,395	1,251,964	1,251,964	-
Pupil transportation	28,436	21,973	21,973	-
Central.	304,566	285,411	285,411	-
Extracurricular activities.	25,461	15,828	15,828	-
Total expenditures	<u>12,140,569</u>	<u>10,029,309</u>	<u>10,029,282</u>	<u>27</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(4,516,764)</u>	<u>513,414</u>	<u>513,441</u>	<u>27</u>
Other financing sources (uses):				
Refund of prior year's expenditures	10,000	5,746	5,746	-
Transfers in	-	52,167	52,167	-
Transfers (out).	(2,042,089)	(401,889)	(401,889)	-
Advances in.	147,453	147,453	147,453	-
Advances (out)	(200,000)	(82,143)	(82,143)	-
Sale of capital assets	20,000	5,582	5,582	-
Total other financing sources (uses)	<u>(2,064,636)</u>	<u>(273,084)</u>	<u>(273,084)</u>	<u>-</u>
Net change in fund balance	(6,581,400)	240,330	240,357	27
Unencumbered fund balance at beginning of year.	3,512,914	3,512,914	3,512,914	-
Prior year encumbrances appropriated . . .	546,682	546,682	546,682	-
Unencumbered fund balance (deficit) at end of year.	<u>\$ (2,521,804)</u>	<u>\$ 4,299,926</u>	<u>\$ 4,299,953</u>	<u>\$ 27</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Adult Education	Nonmajor Enterprise Fund	Total Business-Type Activities - Enterprise Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,938,246	\$ 100,841	\$ 2,039,087
Receivables:			
Accounts	24,513	588	25,101
Intergovernmental.	308,788	-	308,788
Prepayments	1,548	-	1,548
Total current assets	<u>2,273,095</u>	<u>101,429</u>	<u>2,374,524</u>
Noncurrent assets:			
Net OPEB asset	144,156	-	144,156
Depreciable capital assets, net	70,857	-	70,857
Total noncurrent assets	<u>215,013</u>	<u>-</u>	<u>215,013</u>
Total assets.	<u>2,488,108</u>	<u>101,429</u>	<u>2,589,537</u>
Deferred outflows of resources:			
Pension	946,081	-	946,081
OPEB	145,706	-	145,706
Total deferred outflows of resources	<u>1,091,787</u>	<u>-</u>	<u>1,091,787</u>
Liabilities:			
Accounts payable.	20,739	-	20,739
Accrued wages and benefits	83,513	-	83,513
Compensated absences.	3,742	-	3,742
Intergovernmental payable	21,184	12	21,196
Total current liabilities	<u>129,178</u>	<u>12</u>	<u>129,190</u>
Long-term liabilities:			
Compensated absences payable.	17,987	-	17,987
Net pension liability.	2,276,206	-	2,276,206
Net OPEB liability.	145,882	-	145,882
Total long-term liabilities	<u>2,440,075</u>	<u>-</u>	<u>2,440,075</u>
Total liabilities	<u>2,569,253</u>	<u>12</u>	<u>2,569,265</u>
Deferred inflows of resources:			
Pension	292,472	-	292,472
OPEB	272,573	-	272,573
Total deferred inflows of resources	<u>565,045</u>	<u>-</u>	<u>565,045</u>
Net position:			
Investment in capital assets	70,857	-	70,857
Unrestricted.	374,740	101,417	476,157
Total net position.	<u>\$ 445,597</u>	<u>\$ 101,417</u>	<u>\$ 547,014</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Adult Education	Nonmajor Enterprise Fund	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Operating revenues:				
Tuition and fees.	\$ 1,130,546	\$ -	\$ 1,130,546	\$ -
Charges for services.	788,989	5,266	794,255	-
Sales.	71,252	-	71,252	-
Other.	4,195	-	4,195	473
Total operating revenues	<u>1,994,982</u>	<u>5,266</u>	<u>2,000,248</u>	<u>473</u>
Operating expenses:				
Personal services.	1,898,841	-	1,898,841	-
Purchased services.	336,884	-	336,884	4,374
Materials and supplies	271,790	13,544	285,334	-
Other.	105,276	507	105,783	-
Claims	-	-	-	56,497
Depreciation	27,797	-	27,797	-
Total operating expenses.	<u>2,640,588</u>	<u>14,051</u>	<u>2,654,639</u>	<u>60,871</u>
Operating (loss)	<u>(645,606)</u>	<u>(8,785)</u>	<u>(654,391)</u>	<u>(60,398)</u>
Nonoperating revenues (expenses):				
Federal and State subsidies.	363,659	-	363,659	-
Loss on disposal of capital assets	<u>(3,038)</u>	<u>-</u>	<u>(3,038)</u>	<u>-</u>
Total nonoperating revenues (expenses).	<u>360,621</u>	<u>-</u>	<u>360,621</u>	<u>-</u>
(Loss) before transfers.	(284,985)	(8,785)	(293,770)	(60,398)
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,167)</u>
Change in net position	(284,985)	(8,785)	(293,770)	(112,565)
Net position at beginning of year.	<u>730,582</u>	<u>110,202</u>	<u>840,784</u>	<u>112,565</u>
Net position at end of year	<u>\$ 445,597</u>	<u>\$ 101,417</u>	<u>\$ 547,014</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Adult Education	Nonmajor Enterprise Fund	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:				
Cash received from tuition and fees	\$ 1,131,453	\$ -	\$ 1,131,453	\$ -
Cash received from charges for services.	684,384	8,262	692,646	-
Cash received from sales.	64,784	-	64,784	-
Cash received from other operations	4,815	-	4,815	473
Cash payments for personal services.	(1,703,427)	-	(1,703,427)	-
Cash payments for purchased services	(337,297)	-	(337,297)	(4,374)
Cash payments for materials and supplies	(264,987)	(13,544)	(278,531)	-
Cash payments for claims	-	-	-	(67,305)
Cash payments for other expenses	(96,842)	(495)	(97,337)	-
Net cash (used in) operating activities	<u>(517,117)</u>	<u>(5,777)</u>	<u>(522,894)</u>	<u>(71,206)</u>
Cash flows from noncapital financing activities:				
Cash received from Federal and State subsidies.	363,659	-	363,659	-
Cash used in transfers out	-	-	-	(52,167)
Net cash provided by (used in) noncapital financing activities.	<u>363,659</u>	<u>-</u>	<u>363,659</u>	<u>(52,167)</u>
Net (decrease) in cash and cash equivalents	(153,458)	(5,777)	(159,235)	(123,373)
Cash and cash equivalents at beginning of year.	2,091,704	106,618	2,198,322	123,373
Cash and cash equivalents at end of year	<u>\$ 1,938,246</u>	<u>\$ 100,841</u>	<u>\$ 2,039,087</u>	<u>\$ -</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:				
Operating (loss)	\$ (645,606)	\$ (8,785)	\$ (654,391)	\$ (60,398)
Adjustments:				
Depreciation.	27,797	-	27,797	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(15,899)	2,996	(12,903)	-
(Increase) in intergovernmental receivable.	(97,890)	-	(97,890)	-
Decrease in prepayments	306	-	306	-
(Increase) in net OPEB asset	(22,234)	-	(22,234)	-
(Increase) in deferred outflows - pension	(176,453)	-	(176,453)	-
(Increase) in deferred outflows - OPEB	(83,757)	-	(83,757)	-
Increase in accounts payable	8,282	-	8,282	-
Increase in accrued wages and benefits	25,314	-	25,314	-
Increase in intergovernmental payable.	9,125	12	9,137	-
Increase in compensated absences payable.	5,166	-	5,166	-
Increase in net pension liability	461,359	-	461,359	-
Increase in net OPEB liability	73,758	-	73,758	-
(Decrease) in deferred inflows - pension.	(101,402)	-	(101,402)	-
Increase in deferred inflows - OPEB	15,017	-	15,017	-
(Decrease) in claims payable	-	-	-	(10,808)
Net cash (used in) operating activities.	<u>\$ (517,117)</u>	<u>\$ (5,777)</u>	<u>\$ (522,894)</u>	<u>\$ (71,206)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 42,213
Liabilities:	
Loans payable	42,213
Net position:	
Restricted for individuals.	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Amounts received for others	\$ 623,773
Deductions:	
Distributions to individuals	623,773
Change in net position	-
Net position at beginning of year (restated)	-
Net position at end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Gallia-Jackson-Vinton Joint Vocational School District (the “District”), is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of nine members from the six participating school districts located within Gallia, Jackson, and Vinton Counties. The Board consists of five members from the three city school districts and four members from the three local school districts. The District exposes students to job training leading to employment upon graduation from high school.

The District was formed in 1970. The buildings are located on a 47.63-acre site and were opened for instruction in 1975. It is staffed by 26 classified employees, 58 certified employees, and 27 administrative employees who provide services to 1,994 high school and adult students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

A. Reporting Entity

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

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META)

The District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southern Ohio Voluntary Education Cooperative (SEOVEC) 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 2020, the District paid \$38,819 for services with META/MEC/SEOVEC. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

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 exercised 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 on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2020, the District made a payment of \$325 for a membership fee. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

Ohio Coalition for Equity and Adequacy of School Funding

The Ohio Coalition for Equity and Adequacy of School Funding includes over 500 school districts throughout the State of Ohio. Member school districts and joint vocational schools pay dues annually in the amount of \$.50 per pupil, and educational service centers pay dues of \$.05 per pupil. The Ohio Coalition for Equity & Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members and administrators also serve. Several persons serve as ex officio members. Steering Committee members serve without stipend or expense reimbursement from the Coalition. For fiscal year 2020, the District made a payment of \$344 for a membership fee.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

INSURANCE PURCHASING POOLS

Ohio School Plan

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and is authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint-insurance purchasing program to maintain adequate insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a fifteen-member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between the OSP and member school districts.

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

B. Basis of Presentation

The 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.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the financial condition of the governmental and business-type activities of the 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 District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and investment earnings that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental and enterprise 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. The fiduciary fund is reported by type.

C. Fund Accounting

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

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

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

Permanent Improvements Fund - The permanent improvements fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

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

Proprietary Fund Types - 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.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District's only major enterprise fund accounts for the operation of the District's adult education program.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund accounted for the operation of the District's self-insurance program for employee medical and surgical claims.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Fiduciary Fund Type - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for funds collected and distributed to individuals in which the District has no administrative involvement.

D. 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 District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. 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 are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide statements, the proprietary funds are 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 changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The fiduciary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of fiduciary funds are included on the statement of net fiduciary position. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources.

E. 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 modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and charges for services.

Deferred Outflows/Inflows of Resources - In addition to assets, the statements 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. For the District, See Notes 12 and 13 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the 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 District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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.

F. Budgets

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

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

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

G. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements. During fiscal year 2020, the District's investments were limited to non-negotiable certificates of deposit, which are reported at cost. All monies of the pool were maintained in depository accounts with financial institutions.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue is credited to the general fund and the food service (a nonmajor governmental fund). Interest revenue credited to the general fund during fiscal year 2020 amounted to \$69,963, which includes \$45,944 assigned from other District funds.

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

An analysis of the District's deposits and investments at fiscal year end is provided in Note 4.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

H. Prepaid Items

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the statement of net position/balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense/expenditure is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

I. Inventory

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

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

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

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements. Capital assets utilized by the adult education enterprise fund are reported both in the business-type activity column of the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The District was able to estimate the historical cost for the initial reporting of certain assets by back trending (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 capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$2,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities <u>Estimated Lives</u>
Buildings and improvements	10 - 50 Years
Furniture and equipment	5 - 50 Years
Vehicles	5 - 50 Years

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

K. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the governmental and business-type activities columns of the statement of net position. Loans between governmental funds and custodial funds are reported as "loans receivable/payable" on the financial statements.

L. Compensated Absences

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

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

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2020 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable". The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

In general, governmental fund payables, net pension liability, 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.

N. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not 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.

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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

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

P. Net Position

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

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

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their 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 employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for adult education programs and rotary activity. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

S. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes 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 District will no longer be reporting agency funds. The District reviewed its agency fund, and this fund has been reclassified as a custodial fund. This fund reclassification resulted in the restatement of the District's financial statements (see Note 3.B for detail on the restatement).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

B. Restatement of Net Position and Fund Balances

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at June 30, 2019:

	<u>General</u>	<u>Permanent Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance as previously reported	\$ 3,445,367	\$ 3,923,491	\$ 2,426,828	\$ 9,795,686
GASB Statement No. 84	<u>41,715</u>	<u>-</u>	<u>-</u>	<u>41,715</u>
Restated fund balance, at June 30, 2019	<u>\$ 3,487,082</u>	<u>\$ 3,923,491</u>	<u>\$ 2,426,828</u>	<u>\$ 9,837,401</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

	Governmental Activities
Net position as previously reported	\$ 18,567,909
GASB Statement No. 84	41,715
Restated net position at June 30, 2019	\$ 18,609,624

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of zero. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, the agency fund reported assets and liabilities of \$41,715. Governmental activities and the general fund were restated at the beginning of the year to include a loan receivable in the amount of \$41,715 due from the custodial fund.

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Adult basic literacy education	\$ 2,713
Perkins	59,715

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, 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 items (1) and (2) above 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, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred 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.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

A. Cash on Hand

At June 30, 2020, the District had \$340 in undeposited cash on hand, which is included on the basic financial statements of the District as part of "equity in pooled cash and cash equivalents".

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was \$13,198,710 and the bank balance of all District deposits was \$13,265,215. Of the bank balance, \$350,000 was covered by the FDIC and \$12,915,215 was collateralized by a letter of credit from the Federal Home Loan Bank of Cincinnati.

C. Investments

The District had no investments at June 30, 2020.

D. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

The following is a reconciliation of cash and cash equivalents as reported in the note above as reported on the statement of net position as of June 30, 2020:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 13,198,710
Cash on hand	<u>340</u>
Total	<u>\$ 13,199,050</u>
<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 11,117,750
Business-type activities	2,039,087
Custodial fund	<u>42,213</u>
Total	<u>\$ 13,199,050</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund loans receivable/payable consisted of the following at June 30, 2020, as reported on the fund financial statements:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds:		
General fund	\$ 30,241	\$ -
Nonmajor Governmental Funds:		
Adult basic literacy education	-	2,887
Carl D. Perkins	-	19,240
Pell grant	<u>-</u>	<u>8,114</u>
Total Nonmajor Governmental Funds	<u>-</u>	<u>30,241</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements. Interfund balance between governmental activities and business-type activities are reported in internal balances on the statement of net position.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Loans between governmental funds and custodial funds are reported as “loans receivable/payable” on the financial statements. Loans receivable/payable consisted of the following at June 30, 2020, as reported on the financial statements:

<u>Loans from the general fund to:</u>	<u>Amount</u>
Custodial fund	\$ <u>42,213</u>

These loans are expected to be repaid in the subsequent year as resources become available in the custodial fund.

C. Interfund Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 401,889
 <u>Transfers from the internal service fund to:</u>	
General fund	<u>52,167</u>
Total	<u>\$ 454,056</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

The general fund transferred \$183,691 to the classroom facilities maintenance fund (a nonmajor governmental fund) to meet the requirements of the Ohio School Facilities Commission funding. \$218,198 was transferred from the general fund to the bond retirement fund for the purpose of debt payments.

The internal service fund transfer to the general fund was to close out the fund. The District was no longer self-insured as of December 31, 2019.

NOTE 6 - PROPERTY TAXES

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Gallia, Jackson, Vinton, Lawrence and Hocking Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$59,063 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2019 was \$139,735 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,236,356,590	74.65	\$ 1,220,430,870	72.60
Public utility personal	<u>419,907,390</u>	<u>25.35</u>	<u>460,579,430</u>	<u>27.40</u>
Total	<u>\$ 1,656,263,980</u>	<u>100.00</u>	<u>\$ 1,681,010,300</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.00		\$2.00	

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported in the statement of net position follows:

Governmental activities:

Taxes	\$ 3,991,673
Accounts	11,372
Intergovernmental	<u>63,474</u>
Total	<u>\$ 4,066,519</u>

Business-type activities:

Accounts	\$ 25,101
Intergovernmental	<u>308,788</u>
Total	<u>\$ 333,889</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year. Delinquent property taxes deemed collectible by the County Auditors and recorded as a receivable in the amount of \$472,443 may not be collected within one year.

NOTE 8 - CAPITAL ASSETS

The capital balances at June 30, 2019 have been restated to remove textbooks in the amount of \$34,141, which were fully depreciated. Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	(Restated)			
	Balance			Balance
	<u>06/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/20</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 136,702	\$ -	\$ -	\$ 136,702
Construction in progress	<u>108,929</u>	<u>108,929</u>	<u>(217,858)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>245,631</u>	<u>108,929</u>	<u>(217,858)</u>	<u>136,702</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	101,000	211,220	-	312,220
Buildings and improvements	23,937,769	13,147	-	23,950,916
Furniture and equipment	2,911,813	330,412	(93,932)	3,148,293
Vehicles	<u>432,455</u>	<u>-</u>	<u>-</u>	<u>432,455</u>
Total capital assets, being depreciated	<u>27,383,037</u>	<u>554,779</u>	<u>(93,932)</u>	<u>27,843,884</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(5,050)	(7,906)	-	(12,956)
Buildings and improvements	(7,598,861)	(510,404)	-	(8,109,265)
Furniture and equipment	(1,418,378)	(292,979)	67,763	(1,643,594)
Vehicles	<u>(264,745)</u>	<u>(24,832)</u>	<u>-</u>	<u>(289,577)</u>
Total accumulated depreciation	<u>(9,287,034)</u>	<u>(836,121)</u>	<u>67,763</u>	<u>(10,055,392)</u>
Governmental activities capital assets, net	<u>\$ 18,341,634</u>	<u>\$ (172,413)</u>	<u>\$ (244,027)</u>	<u>\$ 17,925,194</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:

Special	\$ 39,683
Vocational	481,198
Adult/continuing	55,013

Support services:

Pupil	31,378
Instructional staff	46,633
Administration	50,786
Fiscal	20,725
Business	7,404
Operations and maintenance	77,426
Pupil transportation	3,999
Central	2,322
Food service operations	<u>19,554</u>
Total depreciation expense	<u>\$ 836,121</u>

	<u>Balance</u>			<u>Balance</u>
	<u>06/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/20</u>
Business-type activities:				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	\$ 285,418	\$ -	\$ (18,340)	\$ 267,078
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	<u>(183,726)</u>	<u>(27,797)</u>	<u>15,302</u>	<u>(196,221)</u>
Business-type activities capital assets, net	<u>\$ 101,692</u>	<u>\$ (27,797)</u>	<u>\$ (3,038)</u>	<u>\$ 70,857</u>

NOTE 9 - LONG-TERM OBLIGATIONS

During the fiscal year 2020, the following changes occurred in governmental activities long term obligations:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>Outstanding</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u>	<u>Due in</u>
	<u>06/30/19</u>			<u>06/30/20</u>	<u>One Year</u>
Governmental Activities:					
Qualified zone academy bonds	\$ 816,000	\$ -	\$ (204,000)	\$ 612,000	\$ 204,000
Net pension liability	9,830,550	103,499	(20,752)	9,913,297	-
Net OPEB liability	829,438	-	(138,416)	691,022	-
Compensated absences	<u>528,963</u>	<u>105,845</u>	<u>(13,172)</u>	<u>621,636</u>	<u>65,906</u>
Total governmental activities	<u>\$ 12,004,951</u>	<u>\$ 209,344</u>	<u>\$ (376,340)</u>	<u>\$ 11,837,955</u>	<u>\$ 269,906</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

	Balance Outstanding <u>06/30/19</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/20</u>	Amounts Due in <u>One Year</u>
Business-Type Activities:					
Net pension liability	\$ 1,814,847	\$ 461,359	\$ -	\$ 2,276,206	\$ -
Net OPEB liability	72,124	73,758	-	145,882	-
Compensated absences	<u>11,493</u>	<u>10,236</u>	-	<u>21,729</u>	<u>3,742</u>
Total governmental activities	<u>\$ 1,898,464</u>	<u>\$ 545,353</u>	<u>\$ -</u>	<u>\$ 2,443,817</u>	<u>\$ 3,742</u>

Net pension liability: The District's net pension liability is described in Note 12. The District pays obligations related to employee compensation from the fund benefiting from their service.

Net OPEB liability/asset: The District's net OPEB liability/asset is described in Note 13. The District pays obligations related to employee compensation from the fund benefiting from their service.

Compensated absences: Compensated absences will be paid from the fund from which the employee is paid which, for the District, is primarily the general fund, the food service fund (a nonmajor governmental fund), the special education consortium fund (a nonmajor governmental fund), Perkins grant fund (a nonmajor governmental fund), and the adult education fund.

Qualified Zone Academy Bonds (2008): On March 1, 2008, the District issued \$3,060,000 of qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for use as the District's locally funded portion in upgrading existing facilities through the Ohio Schools Facilities Commission. The QZAB matures in 2023. The QZAB was issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio Valley Bank Company, and then subleased back to the District. The QZAB was issued through a series of annual leases with an initial lease term of fifteen years which includes the right to renew for fifteen successive one-year leases through March 1, 2023, subject to annual appropriations. To satisfy trustee requirements, the District is required to make annual base rent payments, subject to lease terms and appropriations. Annual base rent requirements to retire the Qualified Zone Academy Bonds outstanding at June 30, 2020, are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 204,000	\$ 14,198	\$ 218,198
2022	204,000	9,466	213,466
2023	<u>204,000</u>	<u>4,733</u>	<u>208,733</u>
Total	<u>\$ 612,000</u>	<u>\$ 28,397</u>	<u>\$ 640,397</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$150,897,125 (including available funds of \$218,198), and an unvoted debt margin of \$1,681,010.

NOTE 10 – EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. 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. Sick leave may be accumulated up to 240 days (260 days for 12 month employees). Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 60 days for all employees. In addition, teachers and other certified employees are given one additional day for each five years of service from fifteen (15) to thirty-five (35) years, and classified employees are given two additional days for each five years of service from fifteen (15) to thirty-five (35) years.

B. Insurance

The District provides life insurance and accidental death and dismemberment insurance to all full-time employees through United Healthcare in the amount of \$40,000.

The District contracts with United Healthcare for hospitalization and major medical insurance for all full-time employees. The District pays monthly premiums of \$2,415.33 for family coverage, \$1,719.76 for employee/spouse coverage, \$1,320.73 for employee/child coverage, and \$782.42 for individual coverage. This coverage includes prescription drug insurance for the employees, utilizing a retail prescription deductible of \$15 for formulary generic, \$40 for formulary brand, and \$75 for non-formulary. A mail order deductible of \$37.50 for formulary generic, \$100 for formulary brand, and \$187.50 for non-formulary is also available.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The 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. The District joined together with other school district in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP (See Note 2.A). The types and amounts of coverage provided by the OSP are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents - Replacement Cost	\$ 1,000	\$44,193,367
General Liability:		
Per occurrence		5,000,000
Aggregate		7,000,000
Sexual Abuse		5,000,000
Products – Completed Operations Aggregate Limit		5,000,000
Personal and Advertising Injury Limit – Each Offense		5,000,000
Errors and Omissions:		
Each Occurrence	2,500	5,000,000
Aggregate Limit		7,000,000
Employer’ Liability-Stop Gap:		
Each Accident		5,000,000
By Disease		5,000,000
Fiduciary Liability:		
Each Fiduciary Claim Limit	2,500	5,000,000
Aggregate Limit		7,000,000
Vehicles:		
Bodily Injury:		
Liability	1,000	5,000,000
Uninsured Motorist		1,000,000

Settled claims did not exceed commercial coverage in the past three fiscal years. There has been no other significant reduction in insurance coverage from the prior year.

B. Workers’ Compensation

For fiscal year 2020, the District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Medical Expense Reimbursement Plan

The District has a Medical Expense Reimbursement Plan. Max 105, to reimburse eligible employees (those that are participating in the District's health plan) for the portion of their and their dependent's health claims. The Max 105 program is a combination of benefits that are provided by the District, United Healthcare, and Patrick Benefits Administrators. The District's health plan with United Healthcare covers the employees' major medical costs. The policy is a high deductible plan. The Max 105 program covers the difference between the high deductible plan with United Healthcare and the employees' personal deductible.

The purpose of the Max 105 program is to reimburse employees covered under the Max 105 program for a portion of the uninsured medical expenses they incur each year while they are employed with the District and the Max 105 remains in effect. It is to help the employee and their dependents receive the medical care needed in the most cost-effective manner possible.

The claims paid are those submitted after the employee's deductible amount has been reached, but before the employer's health plan deductible with United HealthCare has been reached. Claims covered are for amounts applied to the medical deductible and co-insurance expenses incurred during the plan year, up to the employer's health plan annual deductible amount with United HealthCare.

Changes in the claims activity in 2020 and 2019 were:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2020	\$ 10,808	\$ 56,497	\$ (67,305)	\$ -
2019	21,164	94,795	(105,151)	10,808

Due to the rising costs of insurance, the District discontinued the MERD Max 105 Plan effective January 1, 2020. There was a claims run-out period until April 30, 2020.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate annually.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

GASB 68 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 contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. 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 can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or 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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$193,978 for fiscal year 2020. Of this amount, \$11,818 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 website 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. 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% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. 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.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 regular 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 service. 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 at age 50 or later.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$803,541 for fiscal year 2020. Of this amount, \$91,855 is reported as intergovernmental payable.

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03198580%	0.04463170%	
Proportion of the net pension liability current measurement date	<u>0.03369440%</u>	<u>0.04600400%</u>	
Change in proportionate share	<u>0.00170860%</u>	<u>0.00137230%</u>	
Proportionate share of the net pension liability	\$ 2,015,995	\$ 10,173,508	\$ 12,189,503
Pension expense	\$ 324,386	\$ 1,621,760	\$ 1,946,146

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2020, the 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	\$ 51,122	\$ 82,828	\$ 133,950
Changes of assumptions	-	1,195,077	1,195,077
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	126,417	791,021	917,438
Contributions subsequent to the measurement date	193,978	803,541	997,519
Total deferred outflows of resources	\$ 371,517	\$ 2,872,467	\$ 3,243,984
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 44,038	\$ 44,038
Net difference between projected and actual earnings on pension plan investments	25,878	497,228	523,106
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	84,183	459,940	544,123
Total deferred inflows of resources	\$ 110,061	\$ 1,001,206	\$ 1,111,267

\$997,519 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ 82,240	\$ 829,086	\$ 911,326
2022	(27,716)	129,477	101,761
2023	(1,721)	1,522	(199)
2024	14,675	107,635	122,310
Total	\$ 67,478	\$ 1,067,720	\$ 1,135,198

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2019, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. 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%). 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 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%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,825,130	\$ 2,015,995	\$ 1,337,434

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% of rates for females, projected forward generationally using 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, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's 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:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
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	<u>100.00 %</u>	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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% as of June 30, 2019. 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the 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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 14,867,449	\$ 10,173,508	\$ 6,199,847

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/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.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded/funded benefits is presented as a long-term *net OPEB liability* or *net OPEB asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$9,776.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$9,776 for fiscal year 2020. Of this amount, \$9,776 is reported as 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, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. Nearly all health care plan enrollees, for the most recent year, 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% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03249730%	0.04463170%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03327930%</u>	<u>0.04600400%</u>	
Change in proportionate share	<u>0.00078200%</u>	<u>0.00137230%</u>	
Proportionate share of the net OPEB liability	\$ 836,904	\$ -	\$ 836,904
Proportionate share of the net OPEB asset	\$ -	\$ (761,936)	\$ (761,936)
OPEB expense	\$ 26,972	\$ (236,551)	\$ (209,579)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 12,285	\$ 69,075	\$ 81,360
Net difference between projected and actual earnings on OPEB plan investments	2,010	-	2,010
Changes of assumptions	61,127	16,016	77,143
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	87,921	117,723	205,644
Contributions subsequent to the measurement date	<u>9,776</u>	<u>-</u>	<u>9,776</u>
Total deferred outflows of resources	<u>\$ 173,119</u>	<u>\$ 202,814</u>	<u>\$ 375,933</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 183,862	\$ 38,765	\$ 222,627
Net difference between projected and actual earnings on OPEB plan investments	-	47,854	47,854
Changes of assumptions	46,897	835,373	882,270
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>124,996</u>	<u>119,875</u>	<u>244,871</u>
Total deferred inflows of resources	<u>\$ 355,755</u>	<u>\$ 1,041,867</u>	<u>\$ 1,397,622</u>

\$9,776 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. 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:			
2021	\$ (50,686)	\$ (185,155)	\$ (235,841)
2022	(35,601)	(185,153)	(220,754)
2023	(35,013)	(165,975)	(200,988)
2024	(35,109)	(159,248)	(194,357)
2025	(26,447)	(147,028)	(173,475)
Thereafter	<u>(9,556)</u>	<u>3,506</u>	<u>(6,050)</u>
Total	<u>\$ (192,412)</u>	<u>\$ (839,053)</u>	<u>\$ (1,031,465)</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.

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.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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 through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. 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 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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). 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	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,015,843	\$ 836,904	\$ 694,627

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 670,530	\$ 836,904	\$ 1,057,643

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

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

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - 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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
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	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 OPEB asset was 7.45% as of June 30, 2019. 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the 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, 2019, calculated using the current period discount rate assumption of 7.45%, 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%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 650,161	\$ 761,936

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 864,001	\$ 761,936

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 240,357
Net adjustment for revenue accruals	(64,878)
Net adjustment for expenditure accruals	39,206
Net adjustment for other sources/uses	(76,638)
Funds budgeted elsewhere	(1,453)
Adjustment for encumbrances	502,243
GAAP basis	\$ 638,837

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the special trust fund, uniform school supplies fund, and the director's account fund.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 15 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

B. Litigation

The District is currently not party to any legal proceedings.

C. School Foundation

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

NOTE 16 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investments of the pension and other employee benefit plan in which the 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 District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 17 - SET-ASIDES

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

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	125,887
Current year qualifying expenditures	<u>(557,060)</u>
Total	<u>\$ (431,173)</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>

NOTE 18 - COMMITMENTS

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

<u>Fund</u>	<u>Year End Encumbrances</u>
General fund	\$ 454,991
Permanent improvements fund	264,604
Nonmajor governmental funds	<u>131,101</u>
Total	<u>\$ 850,696</u>

NOTE 19 - CONTRACTUAL COMMITMENTS

As of June 30, 2020, the District had contractual commitment for the following project:

Health Academy Lab Project for Adult Education

<u>Contractor</u>	<u>Contractual Commitment</u>	<u>Amount Paid as of 6/30/2020</u>	<u>Amount Remaining on Contract</u>
D.E. Huddleston, Inc.	<u>\$ 270,607</u>	<u>\$ -</u>	<u>\$ 270,607</u>

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.03369440%	0.03198580%	0.03442480%	0.03290410%
District's proportionate share of the net pension liability	\$ 2,015,995	\$ 1,831,887	\$ 2,056,806	\$ 2,408,277
District's covered payroll	\$ 1,108,333	\$ 1,064,289	\$ 1,105,914	\$ 1,037,693
District's proportionate share of the net pension liability as a percentage of its covered payroll	181.89%	172.12%	185.98%	232.08%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03263960%	0.03190500%	0.03190500%
\$ 1,862,448	\$ 1,614,695	\$ 1,897,289
\$ 1,004,385	\$ 925,729	\$ 1,172,809
185.43%	174.42%	161.77%
69.16%	71.70%	65.52%

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.04600400%	0.04463170%	0.04388449%	0.04493965%
District's proportionate share of the net pension liability	\$ 10,173,508	\$ 9,813,510	\$ 10,424,855	\$ 15,042,655
District's covered payroll	\$ 5,415,286	\$ 5,112,679	\$ 4,825,421	\$ 5,287,857
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.87%	191.94%	216.04%	284.48%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	75.30%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.04193778%	0.04171913%	0.04171913%
\$ 11,590,376	\$ 10,147,536	\$ 12,087,679
\$ 3,841,071	\$ 4,178,854	\$ 4,925,569
301.75%	242.83%	245.41%
72.10%	74.70%	69.30%

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 193,978	\$ 149,625	\$ 143,679	\$ 154,828
Contributions in relation to the contractually required contribution	<u>(193,978)</u>	<u>(149,625)</u>	<u>(143,679)</u>	<u>(154,828)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,385,557	\$ 1,108,333	\$ 1,064,289	\$ 1,105,914
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 145,277	\$ 132,378	\$ 128,306	\$ 162,317	\$ 148,646	\$ 144,874
<u>(145,277)</u>	<u>(132,378)</u>	<u>(128,306)</u>	<u>(162,317)</u>	<u>(148,646)</u>	<u>(144,874)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,037,693	\$ 1,004,385	\$ 925,729	\$ 1,172,809	\$ 1,105,173	\$ 1,152,540
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 803,541	\$ 758,140	\$ 715,775	\$ 675,559
Contributions in relation to the contractually required contribution	<u>(803,541)</u>	<u>(758,140)</u>	<u>(715,775)</u>	<u>(675,559)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,739,579	\$ 5,415,286	\$ 5,112,679	\$ 4,825,421
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 740,300	\$ 537,750	\$ 543,251	\$ 640,234	\$ 660,440	\$ 684,041
<u>(740,300)</u>	<u>(537,750)</u>	<u>(543,251)</u>	<u>(640,234)</u>	<u>(660,440)</u>	<u>(684,041)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,287,857	\$ 3,841,071	\$ 4,178,854	\$ 4,924,877	\$ 5,080,308	\$ 5,261,854
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.03327930%	0.03249730%	0.03490300%	0.03333690%
District's proportionate share of the net OPEB liability	\$ 836,904	\$ 901,562	\$ 936,705	\$ 950,225
District's covered payroll	\$ 1,108,333	\$ 1,064,289	\$ 1,105,914	\$ 1,037,693
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	75.51%	84.71%	84.70%	91.57%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	12.46%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.04600400%	0.04463170%	0.04388449%	0.04493965%
District's proportionate share of the net OPEB liability/(asset)	\$ (761,936)	\$ (717,187)	\$ 1,712,211	\$ 2,403,384
District's covered payroll	\$ 5,415,286	\$ 5,112,679	\$ 4,825,421	\$ 5,287,857
District's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	(14.07%)	(14.03%)	35.48%	45.45%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 9,776	\$ 19,993	\$ 23,089	\$ 18,883
Contributions in relation to the contractually required contribution	<u>(9,776)</u>	<u>(19,993)</u>	<u>(23,089)</u>	<u>(18,883)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,385,557	\$ 1,108,333	\$ 1,064,289	\$ 1,105,914
Contributions as a percentage of covered payroll	0.71%	1.80%	2.17%	1.71%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 16,835	\$ 25,513	\$ 17,517	\$ 18,700	\$ 20,380	\$ 31,120
<u>(16,835)</u>	<u>(25,513)</u>	<u>(17,517)</u>	<u>(18,700)</u>	<u>(20,380)</u>	<u>(31,120)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,037,693	\$ 1,004,385	\$ 925,729	\$ 1,172,809	\$ 1,105,173	\$ 1,152,540
1.62%	2.54%	1.89%	1.59%	1.84%	2.70%

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,739,579	\$ 5,415,286	\$ 5,112,679	\$ 4,825,421
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 41,789	\$ 49,346	\$ 50,803	\$ 52,619
-	-	(41,789)	(49,346)	(50,803)	(52,619)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,287,857	\$ 3,841,071	\$ 4,178,854	\$ 4,924,877	\$ 5,080,308	\$ 5,261,854
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) 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% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

(Continued)

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) 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, (f) 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% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass Through Grantor 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	2019/2020	\$11,778
Cash Assistance			
COVID-19 School Breakfast Program	10.553	2020	17,683
School Breakfast Program	10.553	2019/2020	39,583
COVID-19 National School Lunch Program	10.555	2020	31,686
National School Lunch Program	10.555	2019/2020	<u>111,358</u>
Total Cash Assistance			<u>200,310</u>
Total Child Nutrition Cluster			<u>212,088</u>
Total U.S. Department of Agriculture			212,088
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063	2019/2020	610,173
Direct Loans	84.268	2019/2020	<u>623,773</u>
Total Student Financial Aid Cluster:			1,233,946
Rural Education	84.358A	2019	3,750
Rural Education	84.358A	2020	<u>49,211</u>
Total Rural Education			52,961
Higher Education Emergency Relief Fund - Student Aid	84.425E	2020	113,253
<i>Passed Through Ohio Department of Education</i>			
Adult Education Basic Grants to States	84.002	2020	82,568
Career and Technical Education - Basic Grants to States - Secondary	84.048	2019	24,881
Career and Technical Education - Basic Grants to States - Secondary	84.048	2020	<u>214,368</u>
Total Career and Technical Education - Basic Grants to States - Secondary			239,249
Career and Technical Education - Basic Grants to States - Adult	84.048	2019	820
Career and Technical Education - Basic Grants to States - Adult	84.048	2020	<u>124,315</u>
Total Career and Technical Education - Basic Grants to States - Adult			<u>125,135</u>
Total Career and Technical Education - Basic Grants to States			364,384
Total U.S. Department of Education			<u>1,847,112</u>
Total Expenditures of Federal Awards			<u>\$2,059,200</u>

The accompanying notes are an integral part of this Schedule.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL 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, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Gallia-Jackson-Vinton Joint Vocational School District (the School District) under programs of the federal government for the year ended June 30, 2020. 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 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 fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

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 business-type activities, each major fund, and the aggregate remaining fund information of the Gallia-Jackson-Vinton Joint Vocational School District, Gallia County, Ohio (the School District), as of and for the year ended June 30, 2020, 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 March 25, 2021, 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 2020-001 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*.

School District's Response to Findings

The School District's response to the Finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

March 25, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

Gallia-Jackson-Vinton Joint Vocational School District
Gallia County
P.O. Box 157
Rio Grande, Ohio 45674

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Gallia-Jackson-Vinton Joint Vocational 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 the Gallia-Jackson-Vinton Joint Vocational School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

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 program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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 program. 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-Jackson-Vinton Joint Vocational School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

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 each 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

March 25, 2021

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

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"> • Student Financial Aid Cluster CFDA #84.063 and #84.268 	
(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?	Yes

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

FINDING NUMBER 2020-001

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. 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.

**GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020
(Continued)**

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

FINDING NUMBER 2020-001 (Continued)

Material Weakness (Continued)

As a result of the audit procedures performed, the following errors were noted in the District's financial statements:

- Nonmajor Governmental Funds intergovernmental - federal revenue was understated by \$605,888 and adult/continuing expenditures were understated by \$610,173 due to the activity of the Pell Grant Fund #535 being incorrectly eliminated during the implementation of GASB Statement No. 84;
- Nonmajor Governmental Funds equity in pooled cash and cash equivalents and interfund loans payable were each understated by \$8,114 due to activity of the Pell Grant Fund #535 being incorrectly eliminated during the implementation of GASB Statement No. 84;
- Custodial Fund #022 additions and deductions activity in the amount of \$623,773 related to Student Loans were incorrectly eliminated during the implementation of GASB Statement No. 84 which resulted in the omission of the Statement of Changes in Fiduciary Net Position; and
- Custodial Fund #022 equity in pooled cash and cash equivalents and loans payable of \$42,213 were incorrectly eliminated during the implementation of GASB Statement No. 84 which resulted in the omission of the Statement of Fiduciary Net Position.

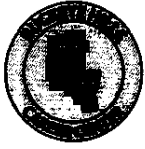
The financial statements were adjusted for the errors noted above.

The Treasurer should review the financial statement compilation to ensure the District's Student Loan Fund additions, deductions, and ending fund balance are properly reflected in a Custodial Fund on the financial statements. Further, the Treasurer should review the financial statement compilation to ensure all special revenue funds are reported as governmental funds on the financial statements.

Officials' Response: The District was forced to contract with an IPA that was not familiar with the financial aid Pell and Student Loan funds. The District has contracted with LGS again for fiscal year 2021. The Treasurer in the future will ensure that the financial statement compilation is reported correctly.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT

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**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2020**

Finding Number: 2020-001
Planned Corrective Action: The District has already taken action to contract with LGS for the financial statement compilation for FY21. LGS is familiar with the District's funds and has done an excellent job in the past with no findings. The Treasurer will ensure that the financial statements are reported correctly in the future.
Anticipated Completion Date: February 10, 2021
Responsible Contact Person: Stephanie R. Rife

OHIO AUDITOR OF STATE KEITH FABER



GALLIA-JACKSON-VINTON JOINT VOCATIONAL 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 4/8/2021

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