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**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
BROWN COUNTY
Regular Audit
For the Fiscal Year Ended June 30, 2017**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Education
Southern Hills Joint Vocational School District
9193 Hamer Road
Georgetown, Ohio 45121

We have reviewed the *Independent Auditor's Report* of the Southern Hills Joint Vocational School District, Brown County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 1, 2018

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**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
BROWN COUNTY**

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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**

December 22, 2017

Southern Hills Joint Vocational School District
Brown County
9193 Hamer Road
Georgetown, OH 45121

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, each major fund, and the aggregate remaining fund information of the **Southern Hills Joint Vocational School District**, Brown County, (the School District) as of and for the year ended June 30, 2017, 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 December 22, 2017.

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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

*SOUTHERN HILLS
JOINT VOCATIONAL SCHOOL DISTRICT*

GEORGETOWN, OHIO

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Issued by:
Treasurer's Office

Kari Barnes
Treasurer

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INTRODUCTORY SECTION

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Southern Hills Joint Vocational School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017
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Southern Hills Joint Vocational School District

Comprehensive Annual Financial Report

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Career Technical Center
9193 Hamer Road
Georgetown, OH 45121
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Fax 937.378.4863

www.shctc.k12.oh.us

December 22, 2017

Board of Education Members
and Residents of the Southern Hills Joint Vocational School District:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Southern Hills Joint Vocational School District for the fiscal year ended June 30, 2017. This CAFR, which includes financial statements and other financial and statistical data, conforms to generally accepted accounting principles as applicable to governmental entities. The intent of this report is to provide the taxpayers of the Southern Hills Joint Vocational School District with comprehensive financial data in a format that enables them to gain a true understanding of the School District's financial affairs as well as provide management with better financial information for future decision making.

This report enables the School District to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Section 117.38 of the Ohio Revised Code which requires the school districts reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of fiscal year- end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has been established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Perry & Associates, Certified Public Accountants, A.C. has issued an unmodified ("clean") opinion on the Southern Hills Joint Vocational School District's financial statements for the fiscal year ended June 30, 2017. The Independent Auditor's Report is located at the front of the Financial Section of this report.

Management's Discussion and Analysis immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

FORMATION OF THE SCHOOL DISTRICT

The Southern Hills Joint Vocational School District offers adult and secondary students an array of programs and classes to serve the needs of all school districts in Brown County and Bright Local School District in Highland County. Secondary classes offered at the School District include Sports Medicine, Power Equipment Mechanics/Agricultural Industrial, Clinical Health Services, Culinary Arts, Information Technology/Computer Systems, Early Childhood Education, Automobile Technology, Carpentry, Welding, Cosmetology, Graphics, and Criminal Justice. The Southern Hills Joint Vocational School District, with the cooperation of the local school districts, offers joint extended career technical programming in the areas of Marketing Education, Information Technology/Computer Systems, and Engineering. Adult Education offers various programming including: Ohio Peace Officers Training, Emergency Medical Technician, Fire Fighting, Nurse Aide and a variety of other career technology and lifelong learning as well as customized training.

The Southern Hills Joint Vocational School District was established in 1970 with classes held at Fincastle School, Winchester, Ohio. On May 8, 1973, voters of the Southern Hills Joint Vocational School District passed a levy to acquire real estate and construct a new school building. This marked the beginning of the joint venture serving all of the Brown County school districts and the Bright Local School District in Highland County. The building was constructed at 9193 Hamer Road, Georgetown, Ohio, and classes began at the site in August of 1975.

FORM OF GOVERNMENT AND REPORTING ENTITY

The Southern Hills Joint Vocational School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The original Southern Hills Joint Vocational School District Board of Education was comprised of five members. Three of the five members were appointed from the Brown County Educational Service Center, with an additional one member each from the Highland County Board of Education and the Georgetown Exempted Village School District. In 1997, the Highland County member was appointed by the newly combined Southern Ohio Educational Service District. In July 2001, because of auditing reasons and better representation for the local school districts, the board composition was changed to a seven-member board. In 2012, the Southern Hills Board of Education changed its composition once again by giving direct representation to Bright Local instead of a representative via the Southern Ohio ESC. The representation currently has a member from the elected boards of all six home school districts (Bright Local, Eastern, Fayetteville-Perry, Georgetown Exempted Village, Ripley Union Lewis Huntington, and Western Brown), and one member from the Brown County Educational Service Center.

The Board of Education serves as the taxing authority, contracting body and policy maker for the School District. The Board adopts the annual operating budget and approves all expenditures of the School District.

The Superintendent is the chief administrative officer of the School District and is responsible for the development, supervision, and operation of the School District programs and facilities.

The Treasurer is the chief financial officer of the School District, and is responsible for maintaining financial records, issuing warrants, acting as the custodian of all School District funds and investing idle funds as specified by Ohio law. Other administrators include a Principal, a Director of Adult and Community Education and supervisors of various educational and support services.

The School District employs 53 full-time employees. These employees include certified, non-certified and administrative personnel providing services to 428 secondary students and 649 adult students. Secondary students include the full time equivalents of home schooled students and students attending programs offered outside the central building. These students are not included as full time students in the School District's average daily membership.

The reporting entity consists of all funds, departments, boards and agencies that are not legally separate from the School District. This includes general operations, food service and student related activities of the School District.

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

The member school districts have not been included in the accompanying financial statements. The boards are not appointed by the School District, nor are they fiscally dependent on the School District. The South Central Ohio Computer Association Regional Council of Governments is reported as a jointly governed organization in Note 16. The Ohio SchoolComp Workers' Compensation Group Rating Plan is reported as an insurance purchasing pool in Note 16. The Brown County Schools Benefits Consortium is presented as a public entity shared risk and insurance purchasing pool in Note 17.

At the beginning of each fiscal year, the Board of Education adopts a temporary appropriation resolution for that fiscal year. By Statute, permanent appropriations must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates. The School District generally adopts the permanent appropriation measure in September. The amended certificate of estimated resources and the final appropriation resolution serve as the foundation of the Southern Hills Joint Vocational School District's financial planning and control. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

ECONOMIC CONDITION AND OUTLOOK

Major industries located within the School District's boundaries include paper, agricultural/trailer equipment, plastics technology, tool box and surgical/medical equipment manufacturing. Further, with the growth of additional health facilities in the northern part of Brown County, there has been a considerable potential in the Health field. The northern part of the County has recently seen several new job opportunities with Cincinnati NAL Co Inc. constructing a new 7,500 square foot facility, American Trailer Works purchase of the Brown County Industrial Park and Southern State Community College's announcement of a new facility in Mt. Orab. Mercy Health also opened a Medical Center in Mt. Orab along with the Mt. Orab Auto Mall. Brown County has seen slight increases in residential housing and jobs.

Brown County is a rural community in Southern Ohio with unemployment rates 0.8 percent above the State unemployment rate of 5.0 percent. During the past ten years, the unemployment rate rose from 5.5 percent in 2001 to a high of 13.7 percent in June 2009. The population of Brown County in the 2010 census was 44,846. Population projections for Brown County are indicating growth over the next decade. The population growth rate from 2000 to 2010 was 6.1 percent while the State of Ohio rate was 1.6 percent.

Although, there was an increase in population in Brown County from the 2010 census, the numbers may be depressed as a result of the recent unemployment and economic conditions. The State should re-evaluate the State and County population in light of the current economic conditions.

The Southern Hills Joint Vocational School District is located in the center of the six-member school districts it serves. The School District encompasses Brown and southern Highland counties, approximately 634 square miles which includes eight villages and 26 townships. The Career and Technical Center itself is located approximately 82 miles south of Columbus on U.S. Route 68, 44 miles east of Cincinnati on U.S. Route 125, and 77 miles north of Lexington, Kentucky on U.S. Route 68. This central position provides a strategic location for the future development of business and industry.

In the years after the 2000 census, Brown County saw increases in housing start-ups. According to estimates provided by the United States Census Bureau, housing units in 2010 and the homeownership rate from 2005 to 2009 were 19,301 and 78.6 percent, respectfully.

The decrease in home foreclosure rates in the local area will continue to have an impact on tax collections. We saw an increase in tax collections in 2017 due to the decline in tax delinquencies. We expect to see this trend continue.

Tourism has improved and is growing in Brown County. The John Rankin House in Ripley was the first stop on the "Underground Railroad" after crossing the Ohio River. It is now a State memorial and is open to the public. In addition, the John P. Parker House located in Ripley is listed as a National Historic Landmark by the National Park Service. Both historic buildings are continuing to improve the tourism sector of the County's economy. Other attractions in Brown County include the Ulysses S. Grant home, Ohio Tobacco Museum, St. Martin's Ursuline Center, Grant Lake State Wildlife area, six covered bridges, many award winning wineries, Washburn Log House, Ohio River, and Lake Waynoka, which attracts outdoor enthusiasts from Ohio, Kentucky, and Indiana.

Graduates of the Southern Hills Joint Vocational School District may seek local employment with major industrial employers like the Ohio Veterans Home, Ohio Valley Manor, Cincinnati Milacron, Kroger, Mt. Orab Auto Mall, Health Source of Ohio, Holman Motors, DP&L, Duke Energy, Cahall Brother's John Deere, Baine-Welker, Stanley Black and Decker of Georgetown, ATW Ohio LLC, Highland District Hospital, Mercy Hospital, various area nursing homes, and PCP Champion.

FINANCIAL PLANNING AND POLICIES

The School District underwent a major renovation project costing a total \$11,115,454, which was completed in 2010. A one-mill permanent improvement levy was earmarked for the renovation project as well as construction projects, maintenance and equipment purchases done after the renovation completion.

The School District acquired a \$500,000 loan from the Ohio Department of Education that helped finance the local share of the project for renovation. The School District was also able to secure help from a federal Qualified Zone Academy Bond (QZAB), a program in which bond holders receive a tax credit, rather than interest, for 12-15 years. Proceeds received from the QZAB during fiscal year 2008 were higher than expected and covered the local share of the renovation project.

In prior fiscal years, some significant costs that the School District was incurring were fees, tools and uniforms for students who received free lunch. The State mandated that all School Districts pick up these costs if they are part of the students' full participation in their career technology or educational program. A recent ruling now allows School Districts to charge fees to reduced lunch students.

To best meet the regional work force demand, the School District has purchased an 11,000 square foot building in Mt. Orab for the purpose of running day time post-secondary courses. The location of the two story building is at the corner of Eastwood Road and State Route 32, which sees over 60,000 cars per day. Our post-secondary program became an accredited institution in the fall of 2017. We will soon be able to offer students financial aid. We opened the new facility in the fall of 2017 with courses in manufacturing, public safety and healthcare.

MAJOR INITIATIVES

The School District is currently seeking ways to provide more efficient heating and cooling to its building for future cost saving measures. New, more efficient LED lighting was installed throughout the campus and parking lot. Current considerations include solar and geothermal systems. A geothermal system was incorporated in the new shared School District office building decreasing operational cost significantly.

In addition, with enrollment declining in local school districts, Southern Hills is planning to evaluate potential incoming enrollment, in order to begin adjusting programs to better reflect the needs of our students. Culinary arts, a food science based program, exists in the vacated machine trades lab. In fiscal year 2016, the Career Technical Center offered Engineering at the Western Brown Local School District High School. This is a manufacturing based program, following the Project Lead the Way curriculum. Southern Hills also added an information technology program at Eastern Brown Local School District to service 7th through 9th grade students. In addition, an information technology program for 7th through 9th grade students will begin at Bright Local Schools during the 2017-2018 school year. For adult learners, the Career Technical Center began an advanced manufacturing program in January 2015 and has continued to grow at the new post-secondary campus. This is in conjunction with local manufacturing companies as well as UC Clermont. The School District has articulation agreements with local colleges to provide college credit for every secondary program.

AWARDS AND ACKNOWLEDGEMENTS

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Southern Hills Joint Vocational School District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the twelfth year that the School District has received this prestigious award. In order to be awarded a Certificate of Achievement, the School District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report which conforms to program standards. Such a report must also satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements; thus, we are submitting it to the GFOA for review.

ASBO CERTIFICATE OF EXCELLENCE

The Association of School Business Officials (ASBO) International Certificate of Excellence is awarded to those school districts who have voluntarily submitted their system's Comprehensive Annual Financial Report for review by an ASBO Panel of Review. This award certifies that the Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The Southern Hills Joint Vocational School District will also be submitting its twelfth CAFR for this award for the fiscal year ended June 30, 2017.

ACKNOWLEDGEMENTS

The publication of this report is a major step toward professionalizing the financial reporting of the Southern Hills Joint Vocational School District. Appreciation is expressed to the Treasurer's staff: Paula Moore, Tosha Newberry and Sabrina Blank. A special thank-you is also extended to the Local Government Services Section of the Office of the Auditor of State for their assistance in preparing this year's CAFR. Sincere gratitude goes to the Board of Education, where the commitment to excellence begins.

Respectfully submitted,



Kevin Kratzer, Superintendent



Kari Barnes, Treasurer
Southern Hills Joint Vocational School District

***Southern Hills Joint Vocational School District
Principal Officials
As Of June 30, 2017***

ELECTED OFFICIALS

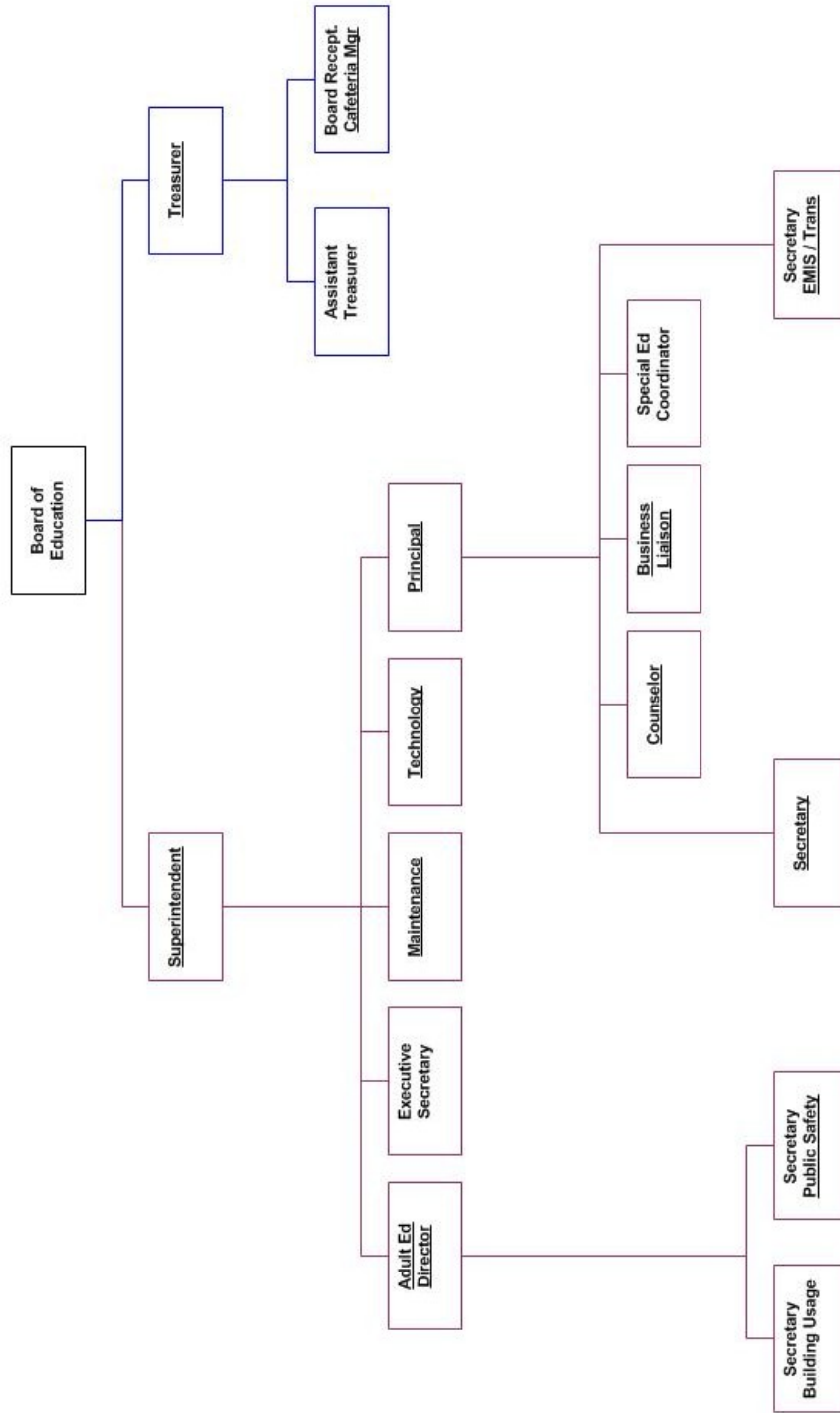
President, Board of Education Richard Pride
Vice President, Board of Education..... Steve Cox
Board MemberJessie Kathleen Johnson
Board Member Dick Colwell
Board Member Martin Yockey
Board Member Jeff White
Board Member Betty Burwinkel

ADMINISTRATIVE OFFICIALS

Superintendent Kevin Kratzer
Treasurer* Michael Boyd
Principal Guy Hopkins
Special Education Coordinator Chandra Bridges
Building and Grounds Supervisor..... David Schram
Adult Education Director..... Vicki Carrington
Cafeteria Manager..... Paula Moore

*Treasurer Michael Boyd retired effective July 31, 2017 and the Board of Education hired Kari Barnes beginning August 1, 2017.

Southern Hills Career & Technical Center Organizational Chart



***Southern Hills Joint Vocational School District
Consultants and Advisors
June 30, 2017***

Architects

SHP Leading Design
4805 Montgomery Road
Suite 400
Cincinnati, Ohio 45212

CAFR Preparation Consultants

Dave Yost, Auditor of State
Local Government Services Section
88 East Broad Street
Columbus, OH 43215

Bond Counsel

Bricker and Eckler LLP
100 South Third Street
Columbus, OH 43215

Dinsmore and Shohl LLP
255 East Fifth Street
Suite 1900
Cincinnati, Ohio 45202

**Independent
Auditor**

Perry & Associates CPA's A.C.
428 Second Street
Marietta, OH 45750

**Workers' Compensation/
Unemployment**

CompManagement, Inc.
P.O. Box 884
Dublin, OH 43017

Investment Advisors

The Huntington Investment Company
41 South High Street
7th Floor
Columbus, Ohio 43215

Multi-Bank Securities
24280 Woodward Avenue
Pleasant Ridge, MI 48069

Legal Counsel

Ennis, Roberts & Fischer
1714 West Galbraith Road
Cincinnati, Ohio 45239

Ohio School Boards Association
8050 North High Street
Suite 100
Columbus, OH 43235

Official Depositories

Peoples Bank
138 Putnam Street
Marietta, Ohio 45750

State Treasury Asset Reserve of Ohio
National City Bank
P.O. Box 691195
Cincinnati, OH 45269-1195



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Southern Hills
Joint Vocational School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Southern Hills Joint Vocational School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

December 22, 2017

Southern Hills Joint Vocational School District
Brown County
9193 Hamer Road
Georgetown, OH 45121

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Southern Hills Joint Vocational School District**, Brown County, Ohio (the School District), as of and for the year ended June 30, 2017, 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Hills Joint Vocational School District, Brown County, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Ohio School Facilities Maintenance Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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 liabilities and pension 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 introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

As management of the Southern Hills Joint Vocational School District, we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here, in conjunction with additional information we have provided in the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

This discussion and analysis of Southern Hills Joint Vocational School District's financial performance is intended to serve as an introduction to the School District's basic financial statements, and provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The Southern Hills Joint Vocational School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Financial Highlights

- In fiscal year 2017, the School District provided step increases as well as a two percent increase in the base salary for all employees.
- The School District renovated the property purchased in the Mt.Orab area so that they will be able to increase their involvement in adult education in the future years.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Southern Hills Joint Vocational School District as a financial whole, an entire operating entity.

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other nonmajor funds presented in total in one column. The major funds for the Southern Hills Joint Vocational School District are the General Fund, the Ohio School Facilities Maintenance Special Revenue Fund, and the Permanent Improvement Capital Projects Funds.

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2017?” The *Statement of Net Position* and the *Statement of Activities*, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question.

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

These two statements report the School District’s net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District’s goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District’s property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 11. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s major funds.

Governmental Funds – Most of the School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary Funds – The School District’s fiduciary funds consist of an agency fund and a private purpose trust fund. We exclude these activities from the School District’s other financial statements

*Southern Hills Joint Vocational School District
Management's Discussion and Analysis
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because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal years 2017 and 2016:

(Table 1)
Net Position

| | Governmental Activities | | |
|--|-------------------------|---------------------|------------------|
| | 2017 | 2016 | Change |
| Assets | | | |
| Current and Other Assets | \$12,907,767 | \$12,822,889 | \$84,878 |
| Capital Assets, Net | 14,049,250 | 14,075,317 | (26,067) |
| Total Assets | 26,957,017 | 26,898,206 | 58,811 |
| Deferred Outflows of Resources | | | |
| Pension | 1,659,627 | 754,917 | 904,710 |
| Liabilities | | | |
| Current and Other Liabilities | 639,901 | 481,869 | 158,032 |
| Long-Term Liabilities | 11,884,465 | 10,849,273 | 1,035,192 |
| Total Liabilities | 12,524,366 | 11,331,142 | 1,193,224 |
| Deferred Inflows of Resources | | | |
| Property Taxes | 1,836,133 | 1,876,619 | (40,486) |
| Pension | 230,805 | 534,447 | (303,642) |
| Total Deferred Inflows of Resources | 2,066,938 | 2,411,066 | (344,128) |
| Net Position | | | |
| Net Investment in Capital Assets | 11,007,390 | 10,592,962 | 414,428 |
| Restricted | 4,659,725 | 4,625,554 | 34,171 |
| Unrestricted (Deficit) | (1,641,775) | (1,307,601) | (334,174) |
| Total Net Position | \$14,025,340 | \$13,910,915 | \$114,425 |

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system 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 pension system is responsible for the administration of the plan.

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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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

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

Current and Other Assets increased \$84,878, due mainly to an increase in Equity in Pooled Cash and Cash Equivalents of \$117,553 from revenues outpacing expenses. Capital Assets, Net decreased \$26,067, due primarily to depreciation exceeding additions.

Long-Term Liabilities increased \$1,035,192 mainly due to an increase in net pension liability. Net Investment in Capital Assets increased \$414,428 due to reducing the amount of outstanding debt.

Table 2 shows the changes in net position for fiscal years 2017 and 2016.

(Table 2)
Changes in Net Position

| | Governmental Activities 2017 | Governmental Activities 2016 | Change |
|--|------------------------------------|------------------------------------|------------------|
| Revenues | | | |
| Program Revenues: | | | |
| Charges for Services and Sales | \$672,164 | \$674,443 | (\$2,279) |
| Operating Grants, Contributions and Interest | 2,261,943 | 1,725,831 | 536,112 |
| Total Program Revenues | <u>2,934,107</u> | <u>2,400,274</u> | <u>533,833</u> |
| General Revenues: | | | |
| Property Taxes | 2,580,694 | 2,295,110 | 285,584 |
| Grants and Entitlements not Restricted to Specific Programs | 2,507,344 | 2,509,346 | (2,002) |
| Investment Earnings | 131,804 | 163,865 | (32,061) |
| Miscellaneous | 27,875 | 9,936 | 17,939 |
| Total General Revenues | <u>5,247,717</u> | <u>4,978,257</u> | <u>269,460</u> |
| Total Revenues | <u>\$8,181,824</u> | <u>\$7,378,531</u> | <u>\$803,293</u> |

(continued)

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

(Table 2)
Changes in Net Position
(continued)

| | Governmental Activities 2017 | Governmental Activities 2016 | Change |
|---|------------------------------------|------------------------------------|---------------------------|
| Program Expenses | | | |
| Instruction: | | | |
| Regular | \$197,227 | \$185,388 | \$11,839 |
| Special | 4,684 | 4,657 | 27 |
| Vocational | 4,253,214 | 3,244,314 | 1,008,900 |
| Adult/Continuing | 433,942 | 125,953 | 307,989 |
| Support Services: | | | |
| Pupils | 642,236 | 626,478 | 15,758 |
| Instructional Staff | 158,977 | 144,622 | 14,355 |
| Board of Education | 63,146 | 79,699 | (16,553) |
| Administration | 701,214 | 653,234 | 47,980 |
| Fiscal | 447,601 | 409,053 | 38,548 |
| Business | 8,662 | 6,963 | 1,699 |
| Operation and Maintenance of Plant | 749,434 | 588,726 | 160,708 |
| Pupil Transportation | 29,092 | 81,426 | (52,334) |
| Central | 31,270 | 33,370 | (2,100) |
| Operation of Non-Instructional Services | 280,316 | 273,821 | 6,495 |
| Extracurricular Activities | 7,065 | 7,637 | (572) |
| Interest and Fiscal Charges | 59,319 | 60,286 | (967) |
| Total Expenses | <u>8,067,399</u> | <u>6,525,627</u> | <u>1,541,772</u> |
| Change in Net Position | 114,425 | 852,904 | <u><u>(\$738,479)</u></u> |
| Net Position at Beginning of Year | <u>13,910,915</u> | <u>13,058,011</u> | |
| Net Position at End of Year | <u><u>\$14,025,340</u></u> | <u><u>\$13,910,915</u></u> | |

The Statement of Activities shows the cost of program services and the charges for services and sales, and operating grants, and contributions.

Operating grants, contributions and interest increased \$536,112 due to an increase in vocational funding. Property taxes increased \$285,584 mainly due to an increase in property tax collections resulting from a decrease in delinquent tax collections.

Total expenses increased \$1,541,772 primarily due to the step increases as well as a two percent increase in the base salary for all employees.

*Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited*

Governmental Activities

Grants and Entitlements made up 48 percent of general revenues for governmental activities of the Southern Hills Joint Vocational School District for fiscal year 2017. It is very common for these monies to make up the majority of revenues in low property wealth districts that rely on State revenue to support its daily operations.

As should be expected, instruction costs represent the largest of the School District's expenses for fiscal year 2017. Support Services expenses make up 35 percent of governmental expenses. Support Services provide a key role in meeting the needs of our students, tutoring to transportation, on-line testing to guidance and maintenance, and assisting our staff in providing an educational process that ranks us near the top of joint vocational school districts' Ohio Department of Education Secondary Workforce Development Report Card in providing education to career technology students.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,205,033 and expenditures of \$8,221,367. The General Fund had an insignificant decrease of \$5,291. The Ohio School Facilities Maintenance Special Revenue Fund had a decrease of \$53,558, mainly due to expenditures exceeding property tax revenues. The Permanent Improvement Capital Projects Fund had an increase of \$71,169, primarily due to an increase in property tax revenue.

General Fund - Budget Highlights

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

During the course of fiscal year 2017, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund original and final budgeted amounts is listed on page 20, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, the original budget basis revenues were \$5,666,206, with a final budget estimate of \$6,208,686, a difference of \$542,480 due mainly to a large increase in intergovernmental revenue offset by a decrease in property taxes. There was a \$17,869 variance between the final budget and actual budget basis revenues.

Southern Hills Joint Vocational School District
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For the Fiscal Year Ended June 30, 2017
Unaudited

Original budget basis expenditures and carryover encumbrances for the General Fund were \$6,171,916 and final budget basis expenditures and carryover encumbrances were \$7,128,726, a difference of \$956,810. The increase in estimated expenditures was primarily related to an increase in several line items for the anticipation of increased salaries. Final actual expenditures fell below the final budgeted expenditures by \$920,194. This was mainly due to the School District's efforts to control costs during the fiscal year.

The School District's ending unobligated cash balance in the General Fund was \$968,676 above the final budgeted amount.

Capital Assets

At the end of fiscal year 2017, the School District had \$14,049,250 in capital assets. Capital Assets decreased \$26,067 from the prior fiscal year. This was due primarily to a large loss on disposal, as well as increases in depreciation offset by additions during fiscal year 2017. For more information on Capital Assets, refer to the notes to the basic financial statements (Note 8).

Debt

At June 30, 2017, the School District had \$100,00 in loans outstanding, with \$33,333 due within one year, and notes outstanding of \$1,226,802, with \$214,176 due within one year. In addition, the School District had \$1,676,101 in capital leases payable at fiscal year-end.

For more information on Debt, refer to the notes to the basic financial statements (Notes 13 and 14).

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Kari Barnes, Treasurer at Southern Hills Joint Vocational School District, 9193 Hamer Road, Georgetown, Ohio 45121 or e-mail at kari.barnes@shctc.k12.oh.us.

BASIC FINANCIAL STATEMENTS

Southern Hills Joint Vocational School District
Statement of Net Position
June 30, 2017

| | Governmental Activities |
|---|----------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | \$10,235,897 |
| Materials and Supplies Inventory | 1,622 |
| Inventory Held for Resale | 12,890 |
| Accrued Interest Receivable | 21,803 |
| Prepaid Items | 13,149 |
| Accounts Receivable | 6,626 |
| Property Taxes Receivable | 2,594,293 |
| Intergovernmental Receivable | 21,487 |
| Capital Assets: | |
| Land | 339,053 |
| Construction in Progress | 38,957 |
| Depreciable Capital Assets, Net | 13,671,240 |
| <i>Total Assets</i> | 26,957,017 |
| <u>Deferred Outflows of Resources:</u> | |
| Pension | 1,659,627 |
| <u>Liabilities:</u> | |
| Accounts Payable | 4,579 |
| Accrued Wages and Benefits Payable | 440,011 |
| Intergovernmental Payable | 131,577 |
| Accrued Interest Payable | 24,777 |
| Retainage Payable | 38,957 |
| Long-Term Liabilities: | |
| Due Within One Year | 456,589 |
| Due in More Than One Year: | |
| Net Pension Liability (See Note 10) | 8,491,109 |
| Other Amounts Due in More Than One Year | 2,936,767 |
| <i>Total Liabilities</i> | 12,524,366 |
| <u>Deferred Inflows of Resources:</u> | |
| Property Taxes | 1,836,133 |
| Pension | 230,805 |
| <i>Total Deferred Inflows of Resources</i> | 2,066,938 |
| <u>Net Position:</u> | |
| Net Investment in Capital Assets | 11,007,390 |
| Restricted for: | |
| Capital Outlay | 2,021,561 |
| Food Service | 431,763 |
| Adult Education | 708,531 |
| Classroom Facilities | 1,374,076 |
| Other Purposes | 103,497 |
| Set-Asides | 20,297 |
| Unrestricted (Deficit) | (1,641,775) |
| <i>Total Net Position</i> | \$14,025,340 |

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---------------------------|--------------------------------------|--|---|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions, and Interest | Governmental Activities |
| <u>Governmental Activities:</u> | | | | |
| Instruction: | | | | |
| Regular | \$197,227 | \$433,759 | \$0 | \$236,532 |
| Special | 4,684 | 0 | 374,411 | 369,727 |
| Vocational | 4,253,214 | 3,753 | 1,607,014 | (2,642,447) |
| Adult/Continuing | 433,942 | 67,303 | 43,951 | (322,688) |
| Support Services: | | | | |
| Pupils | 642,236 | 6,847 | 112,909 | (522,480) |
| Instructional Staff | 158,977 | 0 | 3,285 | (155,692) |
| Board of Education | 63,146 | 0 | 0 | (63,146) |
| Administration | 701,214 | 29,148 | 19,034 | (653,032) |
| Fiscal | 447,601 | 0 | 0 | (447,601) |
| Business | 8,662 | 193 | 126 | (8,343) |
| Operation and Maintenance of Plant | 749,434 | 52,125 | 101,213 | (596,096) |
| Pupil Transportation | 29,092 | 0 | 0 | (29,092) |
| Central | 31,270 | 0 | 0 | (31,270) |
| Operation of Non-Instructional Services | 280,316 | 79,036 | 0 | (201,280) |
| Extracurricular Activities | 7,065 | 0 | 0 | (7,065) |
| Interest and Fiscal Charges | 59,319 | 0 | 0 | (59,319) |
| <i>Total Governmental Activities</i> | <u>\$8,067,399</u> | <u>\$672,164</u> | <u>\$2,261,943</u> | <u>(5,133,292)</u> |

General Revenues:

| | |
|--------------------------------------|----------------------------|
| Property Taxes Levied for: | |
| General Purposes | 1,915,164 |
| Other Purposes | 157,500 |
| Capital Outlay | 508,030 |
| Grants and Entitlements not | |
| Restricted to Specific Programs | 2,507,344 |
| Investment Earnings | 131,804 |
| Miscellaneous | 27,875 |
| <i>Total General Revenues</i> | <u>5,247,717</u> |
| Change in Net Position | 114,425 |
| Net Position at Beginning of Year | 13,910,915 |
| Net Position at End of Year | <u>\$14,025,340</u> |

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District

*Balance Sheet
Governmental Funds
June 30, 2017*

| | General Fund | Ohio School Facilities Maintenance Fund | Permanent Improvement Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------------|--|----------------------------------|-----------------------------------|--------------------------------|
| <u>Assets:</u> | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$5,569,763 | \$1,374,003 | \$1,254,197 | \$2,017,637 | \$10,215,600 |
| Restricted Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | 20,297 | 0 | 0 | 0 | 20,297 |
| Receivables: | | | | | |
| Property Taxes | 1,911,369 | 0 | 682,924 | 0 | 2,594,293 |
| Accounts | 6,626 | 0 | 0 | 0 | 6,626 |
| Accrued Interest | 20,974 | 0 | 0 | 829 | 21,803 |
| Intergovernmental | 13,972 | 0 | 0 | 7,515 | 21,487 |
| Prepaid Items | 12,433 | 73 | 0 | 643 | 13,149 |
| Materials and Supplies Inventory | 0 | 0 | 0 | 1,622 | 1,622 |
| Inventory Held for Resale | 0 | 0 | 0 | 12,890 | 12,890 |
| Advances to Other Funds | 200,000 | 0 | 0 | 0 | 200,000 |
| Total Assets | \$7,755,434 | \$1,374,076 | \$1,937,121 | \$2,041,136 | \$13,107,767 |
| <u>Liabilities:</u> | | | | | |
| Accounts Payable | \$2,297 | \$0 | \$2,282 | \$0 | \$4,579 |
| Accrued Wages and Benefits Payable | 407,540 | 0 | 0 | 32,471 | 440,011 |
| Retainage Payable | 0 | 0 | 38,957 | 0 | 38,957 |
| Intergovernmental Payable | 128,814 | 0 | 0 | 2,763 | 131,577 |
| Advances From Other Funds | 0 | 0 | 0 | 200,000 | 200,000 |
| Total Liabilities | 538,651 | 0 | 41,239 | 235,234 | 815,124 |
| <u>Deferred Inflows of Resources:</u> | | | | | |
| Property Taxes | 1,355,549 | 0 | 480,584 | 0 | 1,836,133 |
| Unavailable Revenue | 139,813 | 0 | 39,653 | 8,344 | 187,810 |
| Total Deferred Inflows of Resources | 1,495,362 | 0 | 520,237 | 8,344 | 2,023,943 |
| <u>Fund Balances:</u> | | | | | |
| Nonspendable | 212,433 | 73 | 0 | 2,265 | 214,771 |
| Restricted | 20,297 | 1,374,003 | 1,375,645 | 1,808,149 | 4,578,094 |
| Committed | 443,865 | 0 | 0 | 0 | 443,865 |
| Assigned | 855,296 | 0 | 0 | 0 | 855,296 |
| Unassigned (Deficit) | 4,189,530 | 0 | 0 | (12,856) | 4,176,674 |
| Total Fund Balances | 5,721,421 | 1,374,076 | 1,375,645 | 1,797,558 | 10,268,700 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$7,755,434 | \$1,374,076 | \$1,937,121 | \$2,041,136 | \$13,107,767 |

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2017*

Total Governmental Fund Balances \$10,268,700

***Amounts reported for governmental activities in the
 Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

| | | |
|----------------------------|---------------------|------------|
| Land | 339,053 | |
| Construction in progress | 38,957 | |
| Depreciable capital assets | 25,122,421 | |
| Accumulated depreciation | <u>(11,451,181)</u> | |
| Total | | 14,049,250 |

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.

| | | |
|-------------------|---------------|---------|
| Property taxes | 144,520 | |
| Intergovernmental | 21,487 | |
| Interest | <u>21,803</u> | |
| Total | | 187,810 |

In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. (24,777)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

| | | |
|-----------------------------|--------------------|-------------|
| Deferred Outflows - Pension | 1,659,627 | |
| Deferred Inflows - Pension | (230,805) | |
| Net Pension Liability | <u>(8,491,109)</u> | |
| Total | | (7,062,287) |

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

| | | |
|------------------------|------------------|--------------------|
| Loans | (100,000) | |
| Tax Anticipation Notes | (1,226,802) | |
| Capital leases | (1,676,101) | |
| Compensated absences | <u>(390,453)</u> | |
| Total | | <u>(3,393,356)</u> |

Net Position of Governmental Activities \$14,025,340

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

| | General Fund | Ohio School Facilities Maintenance Fund | Permanent Improvement Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------------|--|----------------------------------|-----------------------------------|--------------------------------|
| <u>Revenues:</u> | | | | | |
| Property Taxes | \$1,948,293 | \$157,500 | \$518,935 | \$0 | \$2,624,728 |
| Intergovernmental | 3,850,173 | 0 | 92,563 | 817,947 | 4,760,683 |
| Investment Earnings | (46,690) | 0 | 164,776 | 1,497 | 119,583 |
| Tuition and Fees | 298,850 | 0 | 0 | 96,644 | 395,494 |
| Rent | 52,125 | 0 | 0 | 0 | 52,125 |
| Customer Sales and Services | 134,909 | 0 | 0 | 89,636 | 224,545 |
| Miscellaneous | 13,570 | 1,373 | 10,736 | 2,196 | 27,875 |
| Total Revenues | 6,251,230 | 158,873 | 787,010 | 1,007,920 | 8,205,033 |
| <u>Expenditures:</u> | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 172,860 | 0 | 0 | 0 | 172,860 |
| Vocational | 3,074,567 | 0 | 68,854 | 549,962 | 3,693,383 |
| Adult/Continuing | 498,521 | 0 | 2,288 | 114,155 | 614,964 |
| Support Services: | | | | | |
| Pupils | 476,000 | 0 | 0 | 124,869 | 600,869 |
| Instructional Staff | 140,691 | 0 | 0 | 3,285 | 143,976 |
| Board of Education | 39,708 | 0 | 0 | 0 | 39,708 |
| Administration | 606,941 | 0 | 0 | 49,452 | 656,393 |
| Fiscal | 400,992 | 0 | 21,698 | 0 | 422,690 |
| Business | 8,334 | 0 | 0 | 328 | 8,662 |
| Operation and Maintenance of Plant | 510,971 | 212,431 | 8,577 | 0 | 731,979 |
| Pupil Transportation | 34,585 | 0 | 0 | 400 | 34,985 |
| Central | 30,755 | 0 | 0 | 36 | 30,791 |
| Operation of Non-Instructional Services | 21,484 | 0 | 1,227 | 219,781 | 242,492 |
| Extracurricular Activities | 7,065 | 0 | 0 | 0 | 7,065 |
| Capital Outlay | 153,167 | 0 | 80,811 | 47,616 | 281,594 |
| Debt Service: | | | | | |
| Principal Retirement | 0 | 0 | 479,452 | 0 | 479,452 |
| Interest and Fiscal Charges | 0 | 0 | 59,504 | 0 | 59,504 |
| Total Expenditures | 6,176,641 | 212,431 | 722,411 | 1,109,884 | 8,221,367 |
| Excess of Revenues Over (Under) Expenditures | 74,589 | (53,558) | 64,599 | (101,964) | (16,334) |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Proceeds from Sale of Capital Assets | 120 | 0 | 6,570 | 0 | 6,690 |
| Transfers In | 0 | 0 | 0 | 80,000 | 80,000 |
| Transfers Out | (80,000) | 0 | 0 | 0 | (80,000) |
| Total Other Financing Sources (Uses) | (79,880) | 0 | 6,570 | 80,000 | 6,690 |
| Net Change in Fund Balances | (5,291) | (53,558) | 71,169 | (21,964) | (9,644) |
| Fund Balances at Beginning of Year | 5,726,712 | 1,427,634 | 1,304,476 | 1,819,522 | 10,278,344 |
| Fund Balances at End of Year | \$5,721,421 | \$1,374,076 | \$1,375,645 | \$1,797,558 | \$10,268,700 |

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
*Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2017*

Net Change in Fund Balances - Total Governmental Funds (\$9,644)

**Amounts reported for governmental activities in the
Statement of Activities are different because:**

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | | |
|--|------------------|---------|
| Capital assets additions | 768,599 | |
| Construction in progress additions | 38,957 | |
| Depreciation expense | <u>(810,582)</u> | |
| Excess of depreciation expense over capital outlay | | (3,026) |

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets are removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a gain or loss on the sale of capital assets in the Statement of Activities.

| | | |
|---|-----------------|----------|
| Proceeds from Sale of Capital Assets | (6,690) | |
| Loss on Sale and Disposal of Capital Assets | <u>(16,351)</u> | |
| Total | | (23,041) |

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

| | | |
|---------------------------|---------------|----------|
| Delinquent property taxes | (44,034) | |
| Intergovernmental | 6,565 | |
| Interest | <u>14,260</u> | |
| Total | | (23,209) |

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. 430,825

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in Statement of Activities. (669,382)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

| | | |
|---|----------------|---------|
| Loan principal payment | 33,333 | |
| Tax anticipation note principal payment | 208,894 | |
| Lease principal payment | <u>237,225</u> | |
| Total long-term debt repayment | | 479,452 |

Accrued interest payable on the notes and lease are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

| | |
|------------------------------|-----|
| Decrease in accrued interest | 185 |
|------------------------------|-----|

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | |
|--|-----------------|
| Increase in compensated absences payable | <u>(67,735)</u> |
|--|-----------------|

Change in Net Position of Governmental Activities \$114,425

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|--|--------------------|--------------------|--------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$2,013,875 | \$1,887,725 | \$1,887,727 | \$2 |
| Intergovernmental | 3,242,532 | 3,836,140 | 3,850,173 | 14,033 |
| Tuition and Fees | 251,555 | 297,607 | 298,850 | 1,243 |
| Rent | 44,059 | 52,125 | 52,125 | 0 |
| Customer Sales and Services | 112,791 | 133,439 | 134,909 | 1,470 |
| Miscellaneous | 1,395 | 1,650 | 2,771 | 1,121 |
| Total Revenues | 5,666,206 | 6,208,686 | 6,226,555 | 17,869 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 170,154 | 200,825 | 172,226 | 28,599 |
| Vocational | 2,982,018 | 3,507,579 | 3,022,062 | 485,517 |
| Adult/Continuing | 672,823 | 652,000 | 618,920 | 33,080 |
| Support Services: | | | | |
| Pupils | 420,763 | 496,607 | 480,912 | 15,695 |
| Instructional Staff | 126,642 | 149,470 | 138,544 | 10,926 |
| Board of Education | 48,942 | 56,124 | 43,917 | 12,207 |
| Administration | 509,981 | 601,907 | 582,656 | 19,251 |
| Fiscal | 339,554 | 400,760 | 388,416 | 12,344 |
| Business | 11,363 | 13,411 | 8,334 | 5,077 |
| Operation and Maintenance of Plant | 528,719 | 624,023 | 506,154 | 117,869 |
| Pupil Transportation | 100,142 | 118,193 | 34,610 | 83,583 |
| Central | 61,538 | 72,631 | 30,760 | 41,871 |
| Operation of Non-Instructional Services | 34,946 | 41,245 | 21,484 | 19,761 |
| Extracurricular Activities | 10,808 | 12,756 | 6,370 | 6,386 |
| Capital Outlay | 153,522 | 181,195 | 153,167 | 28,028 |
| Total Expenditures | 6,171,916 | 7,128,726 | 6,208,532 | 920,194 |
| Excess of Revenues Over (Under) Expenditures | (505,710) | (920,040) | 18,023 | 938,063 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Capital Assets | 100 | 100 | 120 | 20 |
| Refund of Prior Year Expenditures | 1,170 | 1,170 | 4,173 | 3,003 |
| Advances In | 26,999 | 26,999 | 37,433 | 10,434 |
| Transfers Out | (16,000) | (97,156) | (80,000) | 17,156 |
| Total Other Financing Sources (Uses) | 12,269 | (68,887) | (38,274) | 30,613 |
| Net Change in Fund Balance | (493,441) | (988,927) | (20,251) | 968,676 |
| Fund Balance at Beginning of Year | 5,336,851 | 5,336,851 | 5,336,851 | 0 |
| Prior Year Encumbrances Appropriated | 150,268 | 150,268 | 150,268 | 0 |
| Fund Balance at End of Year | <u>\$4,993,678</u> | <u>\$4,498,192</u> | <u>\$5,466,868</u> | <u>\$968,676</u> |

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio School Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2017

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|---------------------------------------|--------------------|--------------------|--------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | \$0 | \$0 | \$0 | \$0 |
| Expenditures: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Operation and Maintenance of Plant | 534,004 | 541,362 | 214,177 | 327,185 |
| Excess of Revenues Under Expenditures | (534,004) | (541,362) | (214,177) | 327,185 |
| Other Financing Sources: | | | | |
| Refund of Prior Year Expenditures | 0 | 1,199 | 1,373 | 174 |
| Transfers In | 157,500 | 157,500 | 157,500 | 0 |
| Total Other Financing Sources | 157,500 | 158,699 | 158,873 | 174 |
| Net Change in Fund Balance | (376,504) | (382,663) | (55,304) | 327,359 |
| Fund Balance at Beginning of Year | 1,418,941 | 1,418,941 | 1,418,941 | 0 |
| Prior Year Encumbrances Appropriated | 8,862 | 8,862 | 8,862 | 0 |
| Fund Balance at End of Year | <u>\$1,051,299</u> | <u>\$1,045,140</u> | <u>\$1,372,499</u> | <u>\$327,359</u> |

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

| | Private Purpose Trust Fund | |
|--|-------------------------------|-------------|
| | Scholarship Fund | Agency Fund |
| <u>Assets:</u> | | |
| Equity in Pooled Cash and Cash Equivalents | \$68,974 | \$40,044 |
| <u>Liabilities:</u> | | |
| Undistributed Monies | 0 | \$40,044 |
| <u>Net Position:</u> | | |
| Held in Trust for Scholarships | \$68,974 | |

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2017

| | Scholarship Fund |
|--|---------------------|
| <u>Additions:</u> | |
| Contribution and Donations | \$4,500 |
| <u>Deductions:</u> | |
| Payments in Accordance with Trust Agreements | 1,565 |
| <i>Changes in Net Position</i> | 2,935 |
| Net Position Beginning of Year | 66,039 |
| Net Position End of Year | \$68,974 |

See accompanying notes to the basic financial statements

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 – Description of the School District and Reporting Entity

The Southern Hills Joint Vocational School District (the “School District”) is a distinct political subdivision of the State of Ohio operated under the direction of a seven-member Board of Education. The Board of Education is not directly elected. The Board of Education is comprised of members of other elected boards who, by charter, also serve as board members of the Southern Hills Joint Vocational School. The School District provides educational services as authorized by State statute and federal guidelines.

A board member is appointed by each local board of education within the Joint Vocational School District. The Board is appointed by the boards of Georgetown Exempted Village School District and Western Brown, Eastern, Fayetteville Perry and Ripley Union Lewis Huntington Local School Districts. Bright Local School District has assigned their appointment to the Southern Ohio Educational Service Center. The Brown County Educational Service Center makes the final appointment to the Board. The School District is responsible for levying taxes, approving its own budget, appointing personnel, and accounting and finance related activities.

The School District, located in Brown County, was established in 1970 and includes all of Brown County and the Bright Local School District in Highland County. The School District serves an area of approximately 634 square miles. It is staffed by 19 non-certificated and 34 certificated teaching personnel and administrative employees providing education to 428 secondary students and 649 adult education students. Secondary students include the full-time equivalents of home schooled students and students attending programs offered outside the central building. These students are not included as full-time students in the School District’s average daily membership.

Reporting Entity

The School District is a jointly governed organization, legally separate from other organizations. None of the school districts that appoint Board members are financially accountable for the School District.

The reporting entity is comprised of the jointly governed organization, component units, and other organizations that are included to ensure that the financial statements are not misleading. The jointly governed organization of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Southern Hills Joint Vocational School District, this includes general operations, food service, continuing education and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The School District participates in three organizations, one of which is defined as a jointly governed organization, one as an insurance purchasing pool, and one as a public entity shared risk and insurance purchasing pool. These organizations are presented in Notes 16 and 17 to the basic financial statements. These organizations are:

Jointly Governed Organization:

South Central Ohio Computer Association Regional Council of Governments

Insurance Purchasing Pool:

Ohio SchoolComp Workers' Compensation Group Rating Plan

Public Entity Shared Risk and Insurance Purchasing Pool:

Brown County Schools Benefits Consortium

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Southern Hills Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

Ohio School Facilities Maintenance Fund – This fund accounts for and reports property taxes restricted to expenditures for maintenance and upkeep of School District classroom facilities.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Permanent Improvement Fund – This fund accounts for and reports property tax revenues restricted to acquiring, constructing, or improving capital assets.

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

Fiduciary Funds

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 agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are a private purpose trust fund and an agency fund. The private purpose trust fund accounts for college scholarship programs for students. The School District's agency fund accounts for those student activities which consist of a student body, student president, student treasurer and faculty advisor.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities reports increases (e.g., revenues) and decreases (e.g., 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 and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance, grants, interest, tuition and fees, rent, customer sales and services, and miscellaneous.

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, represents 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 School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

In addition to liabilities, the statements of financial position 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 School District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow 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 School District unavailable revenue includes delinquent property taxes, intergovernmental grants, and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 10).

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension 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 systems report investments at fair value.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

During fiscal year 2017, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The School District also invested in negotiable certificates of deposit, Federal Home Loan Mortgage Association Notes, and Federal Home Loan Mortgage Association Medium Term Notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to (\$46,690), which includes (\$20,285) assigned from other School District funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the General Fund include amounts required by statute to be set-aside by the School District for budget stabilization.

Interfund Balances

On fund financial statements, outstanding interfund loans are reported as "Interfund Receivable" and "Interfund Payable". Long-term interfund loan receivables are reported as "Advances to Other Funds" or "Advances from Other Funds" and are classified as nonspendable fund balance which indicate that they are not in spendable form even though it is a component of net position. These amounts are eliminated in the Statement of Net Position.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

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

Capital Assets

The School District’s only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$1,000 for furniture, equipment, and vehicles. The capitalization threshold for land and buildings is zero dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees with at least 15 years of service for all positions.

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

Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, compensated absences and net pension liability 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 in the current fiscal year. Loans, tax anticipation notes, and capital leases that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. The amounts are assigned by the School District Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by a State statute.

The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2018 appropriated budget.

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

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

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, student activities, and federal and State grants.

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for 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 and are eliminated from the Statement of Activities. 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.

Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of 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 sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The appropriations 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 in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year, including all supplemental appropriations.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Estimates

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

Note 3 – Change in Accounting Principles

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the School District's 2017 financial statements; however, the School District had no abatement that met the GASB 77 definition.

The School District also implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund and the Ohio School Facilities Maintenance Special Revenue Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances In and Advances Out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and the Ohio School Facilities Maintenance Special Revenue Fund.

| | Net Change in Fund Balance | |
|---|----------------------------|--|
| | General Fund | Ohio School Facilities Maintenance Fund |
| GAAP Basis | (\$5,291) | (\$53,558) |
| Adjustments: | | |
| Revenue Accruals | (60,106) | (157,500) |
| Expenditure Accruals | 100,264 | (242) |
| Transfers | 0 | 157,500 |
| Advances | 37,433 | 0 |
| Encumbrances | (132,155) | (1,504) |
| Net Increase in Fair Value of Investments - Fiscal Year 2016 | 30,641 | 0 |
| Net Decrease in Fair Value of Investments - Fiscal Year 2017 | 8,963 | 0 |
| Budget Basis | <u>(\$20,251)</u> | <u>(\$55,304)</u> |

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Board 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 one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Investments

As of June 30, 2017, the School District had the following investments:

| <u>Measurement/Investment</u> | <u>Measurement Amount</u> | <u>Maturity</u> | <u>S&P's/ Moody's Rating</u> | <u>Percent of Total Investments</u> |
|---|-------------------------------|-----------------------|--|---|
| Net Asset Value per Share: | | | | |
| STAROhio | <u>\$245,777</u> | Less than one year | AAAm | 3.18% |
| Fair Value - Level Two Inputs: | | | | |
| Negotiable Certificates of Deposit | 6,974,364 | Less than five years | N/A | N/A |
| Federal National Mortgage Association Notes | 250,000 | Less than three years | Aaa | 3.24% |
| Federal National Mortgage Association Medium Term | <u>248,983</u> | Less than four years | Aaa | 3.23% |
| Total Fair Value - Level Two Inputs | <u>7,473,347</u> | | | |
| Total | <u><u>\$7,719,124</u></u> | | | |

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2017. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

The School District has no investment policy beyond State statute that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

The Standard and Poor's or Moody's rating of the School District's investments is listed in the table above. STAR Ohio is permitted by Ohio Revised Code Section 135.45. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

School District has no investment policy that addresses credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. All of the School District's securities are either insured and registered in the name of the School District or at least in the name of the School District. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer.

Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Brown County. The Brown County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2017 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 of resources – property taxes.

The amounts available as an advance at June 30, 2017, were \$450,953 in the General Fund and \$162,687 in the Permanent Improvement Capital Projects Fund. The amounts available as an advance at June 30, 2016, were \$390,387 in the General Fund and \$144,694 in the Permanent Improvement Capital Projects Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which fiscal year 2017 taxes were collected are:

| | 2016 Second- Half Collections | | 2017 First- Half Collections | |
|--------------------------------------|----------------------------------|---------|---------------------------------|---------|
| | Amount | Percent | Amount | Percent |
| Real Estate | \$843,625,800 | 94.74% | \$851,890,400 | 94.33% |
| Public Utility Personal | 46,851,370 | 5.26% | 51,248,400 | 5.67% |
| Total Assessed Value | \$890,477,170 | 100.00% | \$903,138,800 | 100.00% |
| Tax rate per \$1,000 of assessed | \$6.40 | | \$6.40 | |

Note 7 – Receivables

Receivables at June 30, 2017, consisted of property taxes, accounts, interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

| | Amount |
|--|----------|
| <u>Governmental Activities:</u> | |
| E-Rate Grant | \$13,972 |
| Vocational Education Planning District Grant | 7,515 |
| Total Intergovernmental Receivables | \$21,487 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 8 – Capital Assets

Capital assets activity for the fiscal year ended June 30, 2017, was as follows:

| | Ending Balance 6/30/2016 | Additions | Deletions | Ending Balance 6/30/2017 |
|---|--------------------------------|--------------------|-------------------|--------------------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$339,053 | \$0 | \$0 | \$339,053 |
| Construction in Progress | 0 | 38,957 | 0 | 38,957 |
| Total Capital Assets, Not Being Depreciated | <u>339,053</u> | <u>38,957</u> | <u>0</u> | <u>378,010</u> |
| Capital Assets Being Depreciated | | | | |
| Land Improvements | \$571,242 | \$9,740 | \$0 | \$580,982 |
| Buildings and Improvements | 17,690,877 | 477,527 | 0 | 18,168,404 |
| Furniture and Equipment | 5,644,766 | 238,578 | (75,915) | 5,807,429 |
| Vehicles | 518,557 | 42,754 | 0 | 561,311 |
| Textbooks | 4,295 | 0 | 0 | 4,295 |
| Total Capital Assets Being Depreciated | <u>24,429,737</u> | <u>768,599</u> | <u>(75,915)</u> | <u>25,122,421</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (455,929) | (9,246) | 0 | (465,175) |
| Buildings and Improvements | (5,983,672) | (474,606) | 0 | (6,458,278) |
| Furniture and Equipment | (3,867,014) | (295,950) | 52,874 | (4,110,090) |
| Vehicles | (382,635) | (30,708) | 0 | (413,343) |
| Textbooks | (4,223) | (72) | 0 | (4,295) |
| Total Accumulated Depreciation | <u>(10,693,473)</u> | <u>(810,582) *</u> | <u>52,874</u> | <u>(11,451,181)</u> |
| Total Capital Assets Being Depreciated, Net | <u>13,736,264</u> | <u>(41,983)</u> | <u>(23,041)</u> | <u>13,671,240</u> |
| Governmental Activities Capital Assets, Net | <u>\$14,075,317</u> | <u>(\$3,026)</u> | <u>(\$23,041)</u> | <u>\$14,049,250</u> |

* Depreciation expense was charged to governmental functions as follows:

| | |
|---|------------------|
| Instruction: | |
| Regular | \$15,523 |
| Special | 4,684 |
| Vocational | 629,474 |
| Adult/Continuing | 15,912 |
| Support Services: | |
| Pupils | 10,852 |
| Instructional Staff | 2,626 |
| Board of Education | 43,438 |
| Administration | 5,978 |
| Fiscal | 7,899 |
| Operation and Maintenance of Plant | 37,617 |
| Pupil Transportation | 8,208 |
| Central | 77 |
| Operation of Non-Instructional Services | 28,294 |
| Total Depreciation Expense | <u>\$810,582</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 9 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted with Wells Fargo Insurance Services USA for general liability insurance with a \$6,000,000 single occurrence limit and an \$8,000,000 aggregate. Property is protected by Wells Fargo Insurance Services USA and holds a \$1,000 deductible with a \$25,470,000 limit. The School District's vehicles are covered by Caitlyn Indemnity under a business policy and hold a \$500 deductible for comprehensive and a \$500 deductible for collision with a \$1,000,000 limit on any accident. School Board errors and omissions coverage is provided by Caitlyn Indemnity and has a \$6,000,000 general liability and an \$8,000,000 aggregate limit.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant change in coverage from the prior fiscal year.

Workers' Compensation

For fiscal year 2017, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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 participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

Employee Medical and Dental Benefits

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk and insurance purchasing pool (Note 17) consisting of nine districts. The Consortium has elected to have United Healthcare provide medical coverage purchased as a group through the Consortium. Dental coverage is being provided through a shared risk pool based on member districts' number of employees. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and dental benefits. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member relinquishes their portion of equity in the Consortium's cash pool.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

Note 10 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position 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 School 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.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School 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.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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 on or after August 1, 2017 |
|------------------------------|---|--|
| Full Benefits | Any age with 30 years of service credit | Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit |

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$167,168 for fiscal year 2017. Of this amount \$54,121 is reported as an intergovernmental payable.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Plan Description - State Teachers Retirement System (STRS)

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

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

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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 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 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the 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.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 that 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 the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$263,657 for fiscal year 2017. Of this amount \$5,769 is reported as an 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|---|--------------------|---------------------|--------------|
| Proportion of the Net Pension Liability Prior Measurement Date | 0.02748030% | 0.01981445% | |
| Proportion of the Net Pension Liability Current Measurement Date | <u>0.02865070%</u> | <u>0.01910238%</u> | |
| Change in Proportionate Share | <u>0.00117040%</u> | <u>-0.00071207%</u> | |
| Proportionate Share of the Net Pension Liability | \$2,096,966 | \$6,394,143 | \$8,491,109 |
| Pension Expense | \$259,301 | \$410,081 | \$669,382 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|--|-------------------------|---------------------------|---------------------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$28,283 | \$258,354 | \$286,637 |
| Changes of assumptions | 139,984 | 0 | 139,984 |
| Net difference between projected and actual earnings on pension plan investments | 172,969 | 530,886 | 703,855 |
| Changes in proportionate Share and difference between School District contributions and proportionate share of contributions | 98,326 | 0 | 98,326 |
| School District contributions subsequent to the measurement date | <u>167,168</u> | <u>263,657</u> | <u>430,825</u> |
| Total Deferred Outflows of Resources | <u><u>\$606,730</u></u> | <u><u>\$1,052,897</u></u> | <u><u>\$1,659,627</u></u> |
| Deferred Inflows of Resources | | | |
| Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions | <u>\$0</u> | <u>\$230,805</u> | <u>\$230,805</u> |

\$430,825 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|-----------------------------|-------------------------|-------------------------|-------------------------|
| Fiscal Year Ending June 30: | | | |
| 2018 | \$126,602 | \$61,718 | \$188,320 |
| 2019 | 126,479 | 61,719 | 188,198 |
| 2020 | 136,760 | 265,434 | 402,194 |
| 2021 | 49,721 | 169,564 | 219,285 |
| Total | <u><u>\$439,562</u></u> | <u><u>\$558,435</u></u> | <u><u>\$997,997</u></u> |

Actuarial Assumptions - SERS

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2016, compared with June 30, 2015, are presented below:

| | June 30, 2016 | June 30, 2015 |
|--|--|--|
| Wage Inflation | 3.00 percent | 3.25 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent | 4.00 percent to 22.00 percent |
| COLA or Ad Hoc COLA | 3 percent | 3 percent |
| Investment Rate of Return | 7.50 percent net of investments expense, including inflation | 7.75 percent net of investments expense, including inflation |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |

For 2016, the mortality assumptions are that 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. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were 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 by using a building-block approach and assumes a time horizon, as defined in SERS’ *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|-------------------|--|
| Cash | 1.00 % | 0.50 % |
| US Stocks | 22.50 | 4.75 |
| Non-US Stocks | 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> | |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$2,776,253 | \$2,096,966 | \$1,528,376 |

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|---|
| Inflation | 2.75 percent |
| Salary increases | 12.25 percent at age 20 to 2.75 percent at age 70 |
| Investment Rate of Return | 7.75 percent, net of investment expenses, including inflation |
| Cost-of-Living Adjustments (COLA) | 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date. |

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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:

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

| Asset Class | Target Allocation | Long-Term Expected Rate of Return * |
|----------------------|----------------------|---|
| Domestic Equity | 31.00 % | 8.00 % |
| International Equity | 26.00 | 7.85 |
| Alternatives | 14.00 | 8.00 |
| Fixed Income | 18.00 | 3.75 |
| Real Estate | 10.00 | 6.75 |
| Liquidity Reserves | 1.00 | 3.00 |
| Total | <u>100.00 %</u> | <u>7.61 %</u> |

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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 of future plan members, are excluded. 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$8,497,296 | \$6,394,143 | \$4,620,009 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's NPL is expected to be significant.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2017, three members of the Board of Education have elected Social Security. The contribution rate is 6.20 percent of wages.

Note 11 – Postemployment Benefits

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was \$3,388.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$3,388, \$4,445 and \$15,693 respectively. The full amount has been contributed for fiscal years 2017, 2016 and 2015.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio 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 Ohio. 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. For the fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

Note 12 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Vacation leave may be accumulated up to a maximum of 100 days. Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees and certified employees who earn vacation time upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each fiscal year under contract. Sick leave may be accumulated up to a maximum of 250 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 62.50 days for all personnel.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Other Employee Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Guardian Insurance Company. Vision insurance is provided to the School District by Vision Service Plan.

Note 13 – Capitalized Lease – Lessee Disclosure

The School District has entered into a lease agreement for a renovation project involving the School District building, which meets the definition of a Qualified Zone Academy. As part of the agreement, the School District received \$3,465,997 in lease proceeds from JPMorgan, the lessor. Of these proceeds, \$2,141,004 was receipted in to the Debt Service Fund and was used to pay the outstanding principal and interest of \$2,104,790 and \$36,214, respectively, on a lease that was originally entered into in 2006 with Fifth Third Bank for the construction project. The remaining proceeds of \$1,324,993 were receipted in to the Permanent Improvement Capital Projects Fund for use in the construction project. The School District makes annual interest payments of 0.75 percent to the lessor and annual sinking fund transfers to an irrevocable trust with an escrow agent. The first sinking fund payment was made on July 31, 2008. The escrow agent will be investing the School District's deposits and has guaranteed a return on the investments to meet the School District's lease liability. JPMorgan Chase Bank, N.A. will be repaid in fiscal year 2023 when the entire principal amount of \$3,465,997 is due. There are mandatory deposits required to be made with the escrow agent in order to ensure that the lease is paid timely.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2017.

| <u>Fiscal Year Ending June 30,</u> | <u>Total Payments</u> |
|---|-----------------------|
| 2018 | \$274,344 |
| 2019 | 285,990 |
| 2020 | 298,183 |
| 2021 | 310,947 |
| 2022 | 324,309 |
| 2023 | 338,298 |
| Total | 1,832,071 |
| Less: Amount Representing Interest | (155,970) |
| Present Value of Net Minimum Lease Payments | <u>\$1,676,101</u> |

The following is a schedule of the interest and sinking fund payments required under the lease and escrow agreements:

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

| Fiscal Year Ending June 30, | Interest | Principal Retirement Through Investment Earnings | Sinking Fund Payments | Total Lease Payments |
|--------------------------------|------------------|--|--------------------------|-------------------------|
| 2018 | \$25,995 | \$91,300 | \$157,049 | \$274,344 |
| 2019 | 25,995 | 102,946 | 157,049 | 285,990 |
| 2020 | 25,995 | 115,139 | 157,049 | 298,183 |
| 2021 | 25,995 | 127,903 | 157,049 | 310,947 |
| 2022 | 25,995 | 141,265 | 157,049 | 324,309 |
| 2023 | 25,995 | 155,254 | 157,049 | 338,298 |
| Total Lease Payments | \$155,970 | \$733,807 | \$942,294 | \$1,832,071 |

At fiscal year-end, capital assets under this lease have been capitalized as buildings and improvements in the Statement of Net Position for governmental activities. A liability was recorded on the Statement of Net Position for governmental activities. Principal payments in fiscal year 2017 totaled \$237,225 and were paid from the Permanent Improvement Fund.

| <u>Asset:</u> | <u>Asset Value</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|----------------------------|--------------------|-------------------------------------|---------------------------|
| Buildings and Improvements | \$1,324,993 | (\$278,247) | \$1,046,746 |

Note 14 – Long-Term Obligations

The changes in the School District’s long-term obligations during fiscal year 2017 were as follows:

| | Amount Outstanding 6/30/16 | Additions | Deductions | Amount Outstanding 6/30/17 | Amounts Due in One Year |
|--|----------------------------------|--------------------|------------------|----------------------------------|----------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Net Pension Liability: | | | | | |
| STRS | \$5,476,147 | \$917,996 | \$0 | \$6,394,143 | \$0 |
| SERS | 1,568,053 | 528,913 | 0 | 2,096,966 | 0 |
| Total Net Pension Liability | 7,044,200 | 1,446,909 | 0 | 8,491,109 | 0 |
| 2005 Facility Improvement and Equipment Replacement | | | | | |
| Loan - 0% | 133,333 | 0 | 33,333 | 100,000 | 33,333 |
| 2014 Permanent Improvement Tax | | | | | |
| Anticipation Note - 2.5% | 1,435,696 | 0 | 208,894 | 1,226,802 | 214,176 |
| Capital Lease | 1,913,326 | 0 | 237,225 | 1,676,101 | 157,049 |
| Compensated Absences | 322,718 | 81,513 | 13,778 | 390,453 | 52,031 |
| Total Governmental Activities Long-Term Obligations | \$10,849,273 | \$1,528,422 | \$493,230 | \$11,884,465 | \$456,589 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

On February 16, 2005, the School District entered into a loan with the Ohio Department of Education in the amount of \$500,000 for the purpose of making facility improvements and replacing equipment. The loan was issued for a 15 year period, with final maturity during fiscal year 2020. The loan will be retired from the Permanent Improvement Fund.

On August 13, 2013, the School District entered into a tax anticipation note in the amount of \$2,000,000 for general ongoing permanent improvements of the School District. The note was issued for a 10 year period, with final maturity during fiscal year 2023. The loan will be retired from the Permanent Improvement Fund.

The School District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the General Fund, Lunchroom, Adult Education, and Renewed Opportunity Special Revenue Funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the General Fund. For additional information related to the net pension liability see note 10.

Principal requirements to retire the debt outstanding at June 30, 2017 are as follows:

| Fiscal Year Ending June 30, | Loan Principal | Tax Anticipation Note Principal | Tax Anticipation Note Interest |
|--------------------------------|-------------------|------------------------------------|-----------------------------------|
| 2018 | \$33,333 | \$214,176 | \$28,227 |
| 2019 | 33,333 | 219,592 | 22,811 |
| 2020 | 33,334 | 225,145 | 17,258 |
| 2021 | 0 | 230,839 | 11,564 |
| 2022 | 0 | 236,677 | 5,727 |
| 2023 | 0 | 100,373 | 628 |
| Total | <u>\$100,000</u> | <u>\$1,226,802</u> | <u>\$86,215</u> |

The School District's overall legal debt margin was \$81,282,492, with an unvoted debt margin of \$903,139 at June 30, 2017.

Note 15 – Interfund Activity

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2017 were as follows:

| Transfers To | Transfers From General Fund |
|-----------------------------|--|
| Nonmajor Governmental Funds | <u>\$80,000</u> |

Transfers were made from the General Fund to move unrestricted balances to support programs and projects accounted for in other funds.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Advances To/From Other Funds

As of June 30, 2017, receivables and payables that resulted from various long-term advances were as follows:

| | <u>Advances From General Fund</u> |
|-----------------------------|---------------------------------------|
| Advances To | |
| Nonmajor Governmental Funds | <u>\$200,000</u> |

The advance from the General Fund to the Nonmajor Governmental Funds was made to cover expenditures for which the School District is awaiting reimbursement from the Ohio School Facilities Commission and to move monies needed to pay for supplies. The General Fund will be reimbursed when the monies are received or when balances become available.

Note 16 – Jointly Governed Organization and Insurance Purchasing Pool

South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG)

The School District is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), which is organized under ORC Code Chapter 167 as a council of governments. SCOCARCoG is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCARCoG consists of two representatives from each county in the SCOCARCoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCARCoG including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board.

During fiscal year 2016, SCOCARCoG entered into a merger agreement with Metropolitan Educational Technology Association (“META”). Pursuant to an addendum to the agreement, certain liabilities will remain the sole responsibility of SCOCARCoG, and once these remaining liabilities are satisfied, SCOCARCoG will be dissolved and the member districts will become members of META. SCOCARCoG entered into a subcontract agreement with META to provide services to SCOCARCoG, and on behalf of SCOCARCoG, to the member districts. The subcontract agreement is currently set to expire after October 31, 2017. Consistent with the merger agreement and updated bylaws, SCOCARCoG is currently governed by a four person executive governing board. The School District paid SCOCARCoG \$28,155 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Regional Council of Governments through META Solutions, David Varda, CFO, 100 Executive Drive, Marion Ohio 43302.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Ohio SchoolComp Workers' Compensation Group Rating Plan

The School District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

Note 17 – Public Entity Shared Risk and Insurance Purchasing Pool

Brown County Schools Benefits Consortium

The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) and dental coverage (public entity shared risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern, Fayetteville-Perry, Georgetown, Ripley Union Lewis Huntington, Southern Hills Joint Vocational, and Western Brown Schools) and two Highland County school districts (Bright Local and Lynchburg-Clay Local School Districts), along with the Brown County Educational Service Center have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of medical and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with United Healthcare to provide medical insurance directly to consortium member employees. The School District pays premiums to the consortium based on employee membership. For dental coverage the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the member district's claims are low, it will not receive a refund. Dental coverage is administered through a third party administrator, Dental Care Plus. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with the administering of the Consortium. To obtain financial information write to the Brown County Educational Service Center at 325 West State Street, Georgetown, Ohio 45121.

Note 18 – Set-Asides

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

The School District is no longer required to set aside funds in the budget stabilization set-aside, with the exception of refunds received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The following cash basis information identifies the change in the fiscal year-end set-aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

| | Capital Acquisitions | Budget Stabilization |
|--|-------------------------|-------------------------|
| Set-aside Balance as of June 30, 2016 | \$0 | \$20,297 |
| Current Fiscal Year Set-aside Requirement | 82,420 | 0 |
| Qualifying Disbursements | (82,420) | 0 |
| Set-aside Balance as of June 30, 2017 | <u>\$0</u> | <u>\$20,297</u> |
| Required Set-aside Balances Carried Forward to Fiscal Year 2017 | <u>\$0</u> | <u>\$20,297</u> |

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

Note 19 - Significant Commitments

Encumbrances

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

| | |
|------------------------------------|------------------|
| General Fund | \$132,155 |
| Ohio School Facilities Maintenance | 1,504 |
| Permanent Improvement | 149,363 |
| Nonmajor Governmental Funds | <u>1,000</u> |
| Total | <u>\$284,022</u> |

Note 20 – Fund Balances

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

| Fund Balances | General Fund | Ohio School Facilities Maintenance Fund | Permanent Improvement Fund | Nonmajor Governmental Funds | Total |
|------------------------------------|--------------------|--|----------------------------------|-----------------------------------|---------------------|
| <i>Nonspendable</i> | | | | | |
| Prepays | \$12,433 | \$73 | \$0 | \$643 | \$13,149 |
| Inventory | 0 | 0 | 0 | 1,622 | 1,622 |
| Long Term Advances | 200,000 | 0 | 0 | 0 | 200,000 |
| <i>Total Nonspendable</i> | 212,433 | 73 | 0 | 2,265 | 214,771 |
| <i>Restricted for</i> | | | | | |
| Permanent Improvements | 0 | 0 | 1,375,645 | 0 | 1,375,645 |
| Food Service Operations | 0 | 0 | 0 | 428,934 | 428,934 |
| Miscellaneous Grants | 0 | 0 | 0 | 103,497 | 103,497 |
| Adult Education | 0 | 0 | 0 | 708,412 | 708,412 |
| Set Asides | 20,297 | 0 | 0 | 0 | 20,297 |
| Capital Maintenance | 0 | 1,374,003 | 0 | 0 | 1,374,003 |
| Capital Improvements | 0 | 0 | 0 | 567,306 | 567,306 |
| <i>Total Restricted</i> | 20,297 | 1,374,003 | 1,375,645 | 1,808,149 | 4,578,094 |
| <i>Committed to</i> | | | | | |
| Termination Benefits | 443,865 | 0 | 0 | 0 | 443,865 |
| <i>Assigned to</i> | | | | | |
| Future Appropriations | 725,922 | 0 | 0 | 0 | 725,922 |
| Purchases on Order | 129,374 | 0 | 0 | 0 | 129,374 |
| <i>Total Assigned</i> | 855,296 | 0 | 0 | 0 | 855,296 |
| <i>Unassigned (Deficit)</i> | 4,189,530 | 0 | 0 | (12,856) | 4,176,674 |
| <i>Total Fund Balances</i> | \$5,721,421 | \$1,374,076 | \$1,375,645 | \$1,797,558 | \$10,268,700 |

Note 21 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

School Foundation

School 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 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

There are currently no matters in litigation with the School District as defendant.

Note 22 – Accountability

At June 30, 2017, the Vocational Education Planning District Grant special revenue fund had a negative fund balance of \$12,710. The deficit in this fund was created by the recognition of accrued liabilities. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

Southern Hills Joint Vocational School District

Required Supplementary Information

Southern Hills Joint Vocational School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1) *

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|
| School District's Proportion of the Net Pension Liability | 0.02865070% | 0.02748030% | 0.02582900% | 0.02582900% |
| School District's Proportionate Share of the Net Pension Liability | \$2,096,966 | \$1,568,053 | \$1,307,191 | \$1,535,968 |
| School District's Covered Payroll | \$882,821 | \$841,486 | \$676,046 | \$665,046 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 237.53% | 186.34% | 193.36% | 230.96% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 62.98% | 69.16% | 71.70% | 65.52% |

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

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

Southern Hills Joint Vocational School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1) *

| | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|
| School District's Proportion of the Net Pension Liability | 0.01910238% | 0.01981445% | 0.02018418% | 0.02018418% |
| School District's Proportionate Share of the Net Pension Liability | \$6,394,143 | \$5,476,147 | \$4,909,492 | \$5,848,154 |
| School District's Covered Payroll | \$2,024,057 | \$2,051,843 | \$2,168,992 | \$2,178,692 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 315.91% | 266.89% | 226.35% | 268.42% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 66.80% | 72.10% | 74.70% | 69.30% |

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

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

Southern Hills Joint Vocational School District
 Required Supplementary Information
 Schedule of School District Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|------------------|-----------------|
| Contractually Required Contribution | \$167,168 | \$123,595 | \$110,908 | \$93,700 |
| Contributions in Relation to the Contractually Required Contribution | <u>(167,168)</u> | <u>(123,595)</u> | <u>(110,908)</u> | <u>(93,700)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered Payroll | \$1,194,057 | \$882,821 | \$841,486 | \$676,046 |
| Contributions as a Percentage of Covered Payroll | 14.00% | 14.00% | 13.18% | 13.86% |

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| \$92,042 | \$103,088 | \$78,496 | \$92,164 | \$72,650 | \$68,111 |
| <u>(92,042)</u> | <u>(103,088)</u> | <u>(78,496)</u> | <u>(92,164)</u> | <u>(72,650)</u> | <u>(68,111)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$665,046 | \$766,457 | \$624,471 | \$680,681 | \$738,317 | \$693,592 |
| 13.84% | 13.45% | 12.57% | 13.54% | 9.84% | 9.82% |

Southern Hills Joint Vocational School District
 Required Supplementary Information
 Schedule of School District Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|------------------|------------------|
| Contractually Required Contribution | \$263,657 | \$283,368 | \$287,258 | \$281,969 |
| Contributions in Relation to the Contractually Required Contribution | <u>(263,657)</u> | <u>(283,368)</u> | <u>(287,258)</u> | <u>(281,969)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered Payroll | \$1,883,264 | \$2,024,057 | \$2,051,843 | \$2,168,992 |
| Contributions as a Percentage of Covered Payroll | 14.00% | 14.00% | 14.00% | 13.00% |

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$283,230 | \$270,614 | \$316,250 | \$335,776 | \$321,611 | \$300,085 |
| <u>(283,230)</u> | <u>(270,614)</u> | <u>(316,250)</u> | <u>(335,776)</u> | <u>(321,611)</u> | <u>(300,085)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$2,178,692 | \$2,081,646 | \$2,432,692 | \$2,582,892 | \$2,473,931 | \$2,308,346 |
| 13.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2017

Changes in Assumptions - SERS

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

| | <u>Fiscal Year 2017</u> | <u>Fiscal Year 2016 and Prior</u> |
|---|---|---|
| Wage Inflation | 3.00 percent | 3.25 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent | 4.00 percent to 22.00 percent |
| Investment Rate of Return | 7.50 percent net of investments expense, including inflation | 7.75 percent net of investments expense, including inflation |

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Southern Hills Joint Vocational School District
Combining and Individual Fund Statements and Schedules

*Southern Hills Joint Vocational School District
Fund Descriptions*

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following are descriptions of the School District's nonmajor Special Revenue Funds:

Nonmajor Special Revenue Funds

Lunchroom Fund – This fund accounts for and reports the provision of food services restricted for the School District.

Adult Education Fund – This fund accounts for and reports restricted revenues and expenditures involved in advancing and retraining out-of-school youths and adults for the purpose of improving their skills and knowledge in their occupation or their planned occupation.

Renewed Opportunity Fund – This fund accounts for and reports the restricted revenues and expenditures involved in a collaborative effort of the Brown County Juvenile Court, Adams Brown JTPA, United Way and the School District to provide career opportunities to high risk juveniles.

Educational Management Information Systems Fund – This fund accounts for and reports grants restricted for hardware and software development, or other costs associated with the requirements of the educational management information systems.

OneNet Fund – This fund accounts for and reports restricted State grants appropriated for Ohio Educational Computer Network Connections.

Technical Preparation Grant Fund – This fund accounts for and reports State grants restricted to provide career development and supplemental equipment to enhance training and inform students about job opportunities.

Straight A Grant Fund - To account for and report State grants restricted to collaborating with other school districts to create pathways that combine high school, career tech, college and work-based experiences to produce graduates who are credentialed for a career and/or are well on their way to a college degree.

Vocational Education Planning District (VEPD) Grant Fund – This fund accounts for and reports restricted State grants used for career education and intervention services provided to secondary students.

Improving Teacher Quality Fund – This fund accounts for and reports restricted federal grants received which are used to provide ongoing, high quality professional development at the school site for administrators, teachers, and other instructional staff. The program focuses on changing instructional practices that result in improved student performance.

(continued)

*Southern Hills Joint Vocational School District
Fund Descriptions*

(continued)

Miscellaneous Federal Grants Fund – This fund accounts for and reports the proceeds of specific federal grants that are legally restricted to expenditures for specific purposes.

Capital Projects Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets. The following are descriptions of the School District's nonmajor Capital Projects Funds:

Nonmajor Capital Projects Funds

Ohio School Facilities Commission (OSFC) Locally Funded Initiative Fund – This fund is used to account for and report all State grants that were transferred from the Permanent Improvement and Nonmajor Governmental Funds restricted for expenditures on the building renovation that are not funded by the Ohio School Facilities Commission.

Ohio School Facilities Commission (OSFC) Vocational Renovation Project Fund – This fund is used to account for and report all State grants, debt proceeds and interest received and expended in connection with contracts entered into by the School District and the Ohio School Facilities Commission restricted for the building and equipping of new classroom facilities. The School District did not anticipate any activity in this fund, and none occurred. Therefore, no budgetary statement is presented.

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,250,331 | \$767,306 | \$2,017,637 |
| Receivables: | | | |
| Accrued Interest | 829 | 0 | 829 |
| Intergovernmental | 7,515 | 0 | 7,515 |
| Prepaid Items | 643 | 0 | 643 |
| Materials and Supplies Inventory | 1,622 | 0 | 1,622 |
| Inventory Held for Resale | 12,890 | 0 | 12,890 |
| <i>Total Assets</i> | <u>\$1,273,830</u> | <u>\$767,306</u> | <u>\$2,041,136</u> |
| <u>Liabilities:</u> | | | |
| Accrued Wages and Benefits Payable | \$32,471 | \$0 | \$32,471 |
| Intergovernmental Payable | 2,763 | 0 | 2,763 |
| Advances from Other Funds | 0 | 200,000 | 200,000 |
| <i>Total Liabilities</i> | <u>35,234</u> | <u>200,000</u> | <u>235,234</u> |
| <u>Deferred Inflows of Resources:</u> | | | |
| Unavailable Revenue | 8,344 | 0 | 8,344 |
| <u>Fund Balances:</u> | | | |
| Nonspendable | 2,265 | 0 | 2,265 |
| Restricted | 1,240,843 | 567,306 | 1,808,149 |
| Unassigned (Deficit) | (12,856) | 0 | (12,856) |
| <i>Total Fund Balances</i> | <u>1,230,252</u> | <u>567,306</u> | <u>1,797,558</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$1,273,830</u> | <u>\$767,306</u> | <u>\$2,041,136</u> |

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

| | Lunchroom Fund | Adult Education Fund | Renewed Opportunity Fund | VEPD Grant Fund | Total Nonmajor Special Revenue Funds |
|--|-------------------|----------------------------|--------------------------------|-----------------------|---|
| <u>Assets:</u> | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$428,511 | \$716,402 | \$103,497 | \$1,921 | \$1,250,331 |
| Receivables: | | | | | |
| Accrued Interest | 829 | 0 | 0 | 0 | 829 |
| Intergovernmental | 0 | 0 | 0 | 7,515 | 7,515 |
| Prepaid Items | 378 | 119 | 0 | 146 | 643 |
| Materials and Supplies Inventory | 1,622 | 0 | 0 | 0 | 1,622 |
| Inventory Held for Resale | 12,890 | 0 | 0 | 0 | 12,890 |
| Total Assets | \$444,230 | \$716,521 | \$103,497 | \$9,582 | \$1,273,830 |
| <u>Liabilities:</u> | | | | | |
| Accrued Wages and Benefits Payable | \$12,467 | \$7,224 | \$0 | \$12,780 | \$32,471 |
| Intergovernmental Payable | 0 | 766 | 0 | 1,997 | 2,763 |
| Total Liabilities | 12,467 | 7,990 | 0 | 14,777 | 35,234 |
| <u>Deferred Inflows of Resources:</u> | | | | | |
| Unavailable Revenue | 829 | 0 | 0 | 7,515 | 8,344 |
| <u>Fund Balances:</u> | | | | | |
| Nonspendable | 2,000 | 119 | 0 | 146 | 2,265 |
| Restricted | 428,934 | 708,412 | 103,497 | 0 | 1,240,843 |
| Unassigned (Deficit) | 0 | 0 | 0 | (12,856) | (12,856) |
| Total Fund Balances (Deficit) | 430,934 | 708,531 | 103,497 | (12,710) | 1,230,252 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$444,230 | \$716,521 | \$103,497 | \$9,582 | \$1,273,830 |

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2017

| | OSFC Locally Funded Initiative Fund | OSFC Vocational Renovation Project Fund | Total Nonmajor Capital Projects Funds |
|--|---|---|--|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$76,683 | \$690,623 | \$767,306 |
| <u>Liabilities:</u> | | | |
| Advances from Other Funds | \$0 | \$200,000 | \$200,000 |
| <u>Fund Balances:</u> | | | |
| Restricted | 76,683 | 490,623 | 567,306 |
| <i>Total Liabilities and Fund Balances</i> | \$76,683 | \$690,623 | \$767,306 |

Southern Hills Joint Vocational School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$817,947 | \$0 | \$817,947 |
| Investment Earnings | 1,497 | 0 | 1,497 |
| Tuition and Fees | 96,644 | 0 | 96,644 |
| Customer Sales and Services | 89,636 | 0 | 89,636 |
| Miscellaneous | 2,196 | 0 | 2,196 |
| <i>Total Revenues</i> | <u>1,007,920</u> | <u>0</u> | <u>1,007,920</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational | 549,962 | 0 | 549,962 |
| Adult/Continuing | 114,155 | 0 | 114,155 |
| Support Services: | | | |
| Pupils | 124,869 | 0 | 124,869 |
| Instructional Staff | 3,285 | 0 | 3,285 |
| Administration | 49,452 | 0 | 49,452 |
| Business | 328 | 0 | 328 |
| Pupil Transportation | 400 | 0 | 400 |
| Central | 36 | 0 | 36 |
| Operation of Non-Instructional Services | 219,781 | 0 | 219,781 |
| Capital Outlay | 0 | 47,616 | 47,616 |
| <i>Total Expenditures</i> | <u>1,062,268</u> | <u>47,616</u> | <u>1,109,884</u> |
| Excess of Revenues Under Expenditures | (54,348) | (47,616) | (101,964) |
| <u>Other Financing Sources:</u> | | | |
| Transfers In | 80,000 | 0 | 80,000 |
| Net Change in Fund Balances | 25,652 | (47,616) | (21,964) |
| Fund Balances at Beginning of Year | <u>1,204,600</u> | <u>614,922</u> | <u>1,819,522</u> |
| Fund Balances at End of Year | <u><u>\$1,230,252</u></u> | <u><u>\$567,306</u></u> | <u><u>\$1,797,558</u></u> |

Southern Hills Joint Vocational School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2017

| | Lunchroom Fund | Adult Education Fund | Renewed Opportunity Fund | Educational Management Information System Fund |
|--|-------------------|----------------------------|--------------------------------|--|
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$99,174 | \$63,111 | \$34,272 | \$0 |
| Investment Earnings | 1,497 | 0 | 0 | 0 |
| Tuition and Fees | 0 | 96,644 | 0 | 0 |
| Customer Sales and Services | 79,036 | 0 | 10,600 | 0 |
| Miscellaneous | 2,086 | 110 | 0 | 0 |
| <i>Total Revenues</i> | <u>181,793</u> | <u>159,865</u> | <u>44,872</u> | <u>0</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Vocational | 0 | 0 | 9,093 | 0 |
| Adult/Continuing | 0 | 114,155 | 0 | 0 |
| Support Services: | | | | |
| Pupils | 0 | 0 | 16,588 | 0 |
| Instructional Staff | 0 | 0 | 0 | 0 |
| Administration | 0 | 49,452 | 0 | 0 |
| Business | 0 | 328 | 0 | 0 |
| Pupil Transportation | 0 | 0 | 400 | 0 |
| Central | 0 | 0 | 0 | 36 |
| Operation of Non-Instructional Services | 219,781 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>219,781</u> | <u>163,935</u> | <u>26,081</u> | <u>36</u> |
| Excess of Revenues Over (Under) Expenditures | (37,988) | (4,070) | 18,791 | (36) |
| <u>Other Financing Sources:</u> | | | | |
| Transfers In | 35,000 | 45,000 | 0 | 0 |
| Net Change in Fund Balances | (2,988) | 40,930 | 18,791 | (36) |
| Fund Balances (Deficit) at Beginning of Year | 433,922 | 667,601 | 84,706 | 36 |
| Fund Balances (Deficit) at End of Year | <u>\$430,934</u> | <u>\$708,531</u> | <u>\$103,497</u> | <u>\$0</u> |

| OneNet Fund | Technical Preparation Grant Fund | Straight A Grant Fund | VEPD Grant Fund | Improving Teacher Quality Fund | Miscellaneous Federal Grants Fund | Total Nonmajor Special Revenue Funds |
|----------------|---|-----------------------------|-----------------------|---|--|---|
| \$1,800 | \$4,036 | \$461,445 | \$131,525 | \$1,585 | \$20,999 | \$817,947 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,497 |
| 0 | 0 | 0 | 0 | 0 | 0 | 96,644 |
| 0 | 0 | 0 | 0 | 0 | 0 | 89,636 |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,196 |
| <u>1,800</u> | <u>4,036</u> | <u>461,445</u> | <u>131,525</u> | <u>1,585</u> | <u>20,999</u> | <u>1,007,920</u> |
| 0 | 4,000 | 461,445 | 54,425 | 0 | 20,999 | 549,962 |
| 0 | 0 | 0 | 0 | 0 | 0 | 114,155 |
| 0 | 0 | 0 | 108,281 | 0 | 0 | 124,869 |
| 1,800 | 0 | 0 | 0 | 1,485 | 0 | 3,285 |
| 0 | 0 | 0 | 0 | 0 | 0 | 49,452 |
| 0 | 0 | 0 | 0 | 0 | 0 | 328 |
| 0 | 0 | 0 | 0 | 0 | 0 | 400 |
| 0 | 0 | 0 | 0 | 0 | 0 | 36 |
| 0 | 0 | 0 | 0 | 0 | 0 | 219,781 |
| <u>1,800</u> | <u>4,000</u> | <u>461,445</u> | <u>162,706</u> | <u>1,485</u> | <u>20,999</u> | <u>1,062,268</u> |
| 0 | 36 | 0 | (31,181) | 100 | 0 | (54,348) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>80,000</u> |
| 0 | 36 | 0 | (31,181) | 100 | 0 | 25,652 |
| 0 | (36) | 0 | 18,471 | (100) | 0 | 1,204,600 |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$12,710)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,230,252</u> |

Southern Hills Joint Vocational School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2017

| | OSFC Locally Funded Initiative Fund | OSFC Vocational Renovation Project Fund | Total Nonmajor Capital Projects Funds |
|------------------------------------|---|---|--|
| | <u> </u> | <u> </u> | <u> </u> |
| <u>Revenues:</u> | \$0 | \$0 | \$0 |
| <u>Expenditures:</u> | | | |
| Capital Outlay | <u>47,616</u> | <u>0</u> | <u>47,616</u> |
| Net Change in Fund Balances | (47,616) | 0 | (47,616) |
| Fund Balances at Beginning of Year | <u>124,299</u> | <u>490,623</u> | <u>614,922</u> |
| Fund Balances at End of Year | <u><u>\$76,683</u></u> | <u><u>\$490,623</u></u> | <u><u>\$567,306</u></u> |

Southern Hills Joint Vocational School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2017

| | Balance at 6/30/2016 | Additions | Deletions | Balance at 6/30/2017 |
|---|-------------------------|-----------------|-----------------|-------------------------|
| STUDENT MANAGED ACTIVITY | | | | |
| <u>Assets:</u> | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$37,241</u> | <u>\$42,803</u> | <u>\$40,000</u> | <u>\$40,044</u> |
| <u>Liabilities:</u> | | | | |
| Undistributed Monies | <u>\$37,241</u> | <u>\$42,803</u> | <u>\$40,000</u> | <u>\$40,044</u> |

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Southern Hills Joint Vocational School District
Individual Fund Schedules of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|-----------------------------|------------------|---|
| Revenues: | | | |
| Property Taxes | \$1,887,725 | \$1,887,727 | \$2 |
| Intergovernmental | 3,836,140 | 3,850,173 | 14,033 |
| Tuition and Fees | 297,607 | 298,850 | 1,243 |
| Rent | 52,125 | 52,125 | 0 |
| Customer Sales and Services | 133,439 | 134,909 | 1,470 |
| Miscellaneous | 1,650 | 2,771 | 1,121 |
| Total Revenues | 6,208,686 | 6,226,555 | 17,869 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular: | | | |
| Salaries and Wages | 127,132 | 126,771 | 361 |
| Fringe Benefits | 44,248 | 44,220 | 28 |
| Purchased Services | 2,000 | 160 | 1,840 |
| Materials and Supplies | 12,445 | 1,075 | 11,370 |
| Capital Outlay | 15,000 | 0 | 15,000 |
| Total Regular | 200,825 | 172,226 | 28,599 |
| Vocational: | | | |
| Salaries and Wages | 1,543,066 | 1,531,366 | 11,700 |
| Fringe Benefits | 548,650 | 539,350 | 9,300 |
| Purchased Services | 277,882 | 171,738 | 106,144 |
| Materials and Supplies | 621,446 | 436,062 | 185,384 |
| Capital Outlay | 509,508 | 336,590 | 172,918 |
| Other | 7,027 | 6,956 | 71 |
| Total Vocational | 3,507,579 | 3,022,062 | 485,517 |
| Adult/Continuing: | | | |
| Purchased Services | 27,000 | 11,611 | 15,389 |
| Capital Outlay | 625,000 | 607,309 | 17,691 |
| Total Adult/Continuing | 652,000 | 618,920 | 33,080 |
| Total Instruction | 4,360,404 | 3,813,208 | 547,196 |
| Support Services: | | | |
| Pupils: | | | |
| Salaries and Wages | 300,847 | 299,450 | 1,397 |
| Fringe Benefits | 172,469 | 168,901 | 3,568 |
| Purchased Services | 10,168 | 7,027 | 3,141 |
| Materials and Supplies | 11,603 | 5,514 | 6,089 |
| Capital Outlay | 1,500 | 0 | 1,500 |
| Other | 20 | 20 | 0 |
| Total Pupils | 496,607 | 480,912 | 15,695 |
| Instructional Staff: | | | |
| Salaries and Wages | 97,658 | 94,134 | 3,524 |
| Fringe Benefits | 38,699 | 38,207 | 492 |
| Purchased Services | 1,590 | 637 | 953 |
| Materials and Supplies | 11,023 | 5,566 | 5,457 |
| Capital Outlay | 500 | 0 | 500 |
| Total Instructional Staff | \$149,470 | \$138,544 | \$10,926 |

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017
(continued)

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------------------|--------------------|---|
| Board of Education: | | | |
| Salaries and Wages | \$14,750 | \$14,750 | \$0 |
| Fringe Benefits | 2,410 | 2,396 | 14 |
| Purchased Services | 25,064 | 15,567 | 9,497 |
| Other | 13,900 | 11,204 | 2,696 |
| Total Board of Education | 56,124 | 43,917 | 12,207 |
| Administration: | | | |
| Salaries and Wages | 387,069 | 386,078 | 991 |
| Fringe Benefits | 184,774 | 183,801 | 973 |
| Purchased Services | 11,687 | 6,187 | 5,500 |
| Materials and Supplies | 11,500 | 3,558 | 7,942 |
| Capital Outlay | 6,000 | 2,155 | 3,845 |
| Other | 877 | 877 | 0 |
| Total Administration | 601,907 | 582,656 | 19,251 |
| Fiscal: | | | |
| Salaries and Wages | 170,219 | 167,801 | 2,418 |
| Fringe Benefits | 127,132 | 126,377 | 755 |
| Purchased Services | 9,344 | 4,693 | 4,651 |
| Materials and Supplies | 1,500 | 901 | 599 |
| Capital Outlay | 2,500 | 280 | 2,220 |
| Other | 90,065 | 88,364 | 1,701 |
| Total Fiscal | 400,760 | 388,416 | 12,344 |
| Business: | | | |
| Materials and Supplies | 13,311 | 8,267 | 5,044 |
| Other | 100 | 67 | 33 |
| Total Business | 13,411 | 8,334 | 5,077 |
| Operation and Maintenance of Plant: | | | |
| Salaries and Wages | 204,543 | 202,877 | 1,666 |
| Fringe Benefits | 109,019 | 106,072 | 2,947 |
| Purchased Services | 232,400 | 142,164 | 90,236 |
| Materials and Supplies | 77,061 | 55,041 | 22,020 |
| Capital Outlay | 1,000 | 0 | 1,000 |
| Total Operation and Maintenance of Plant | 624,023 | 506,154 | 117,869 |
| Pupil Transportation: | | | |
| Salaries and Wages | 8,500 | 7,620 | 880 |
| Fringe Benefits | 1,602 | 1,257 | 345 |
| Purchased Services | 25,591 | 12,543 | 13,048 |
| Materials and Supplies | 16,500 | 6,103 | 10,397 |
| Capital Outlay | 66,000 | 7,087 | 58,913 |
| Total Pupil Transportation | 118,193 | 34,610 | 83,583 |
| Central: | | | |
| Salaries and Wages | 4,100 | 3,809 | 291 |
| Fringe Benefits | 631 | 596 | 35 |
| Purchased Services | 67,900 | 26,355 | 41,545 |
| Total Central | 72,631 | 30,760 | 41,871 |
| Total Support Services | \$2,533,126 | \$2,214,303 | \$318,823 |

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017
(continued)

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|--------------------|---|
| Operation of Non-Instructional Services: | | | |
| Shared Services: | | | |
| Purchased Services | \$33,260 | \$19,264 | \$13,996 |
| Materials and Supplies | 7,985 | 2,220 | 5,765 |
| Total Operation of Non-Instructional Services: | 41,245 | 21,484 | 19,761 |
| Extracurricular Activities: | | | |
| Academic and Subject Oriented Activities: | | | |
| Salaries and Wages | 550 | 0 | 550 |
| Fringe Benefits | 98 | 0 | 98 |
| Total Academic and Subject Oriented Activities | 648 | 0 | 648 |
| Occupational Oriented Activities: | | | |
| Salaries and Wages | 9,900 | 5,500 | 4,400 |
| Fringe Benefits | 1,570 | 870 | 700 |
| Total Occupational Oriented Activities | 11,470 | 6,370 | 5,100 |
| School and Public Service Co-Curricular Activities: | | | |
| Salaries and Wages | 550 | 0 | 550 |
| Fringe Benefits | 88 | 0 | 88 |
| Total School and Public Service Co-Curricular Activities | 638 | 0 | 638 |
| Total Extracurricular Activities | 12,756 | 6,370 | 6,386 |
| Capital Outlay: | | | |
| Site Improvement Services: | | | |
| Purchased Services | 57,500 | 33,506 | 23,994 |
| Capital Outlay | 1,500 | 0 | 1,500 |
| Total Site Improvement Services | 59,000 | 33,506 | 25,494 |
| Building Acquisition and Construction Services: | | | |
| Capital Outlay | 92,000 | 89,485 | 2,515 |
| Other Facilities Acquisition and Construction Services: | | | |
| Capital Outlay | 30,195 | 30,176 | 19 |
| Total Capital Outlay | 181,195 | 153,167 | 28,028 |
| <i>Total Expenditures</i> | <u>7,128,726</u> | <u>6,208,532</u> | <u>920,194</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(920,040)</u> | <u>18,023</u> | <u>938,063</u> |
| <i>Other Financing Sources (Uses):</i> | | | |
| Proceeds from Sale of Capital Assets | 100 | 120 | 20 |
| Refund of Prior Year Expenditures | 1,170 | 4,173 | 3,003 |
| Advances In | 26,999 | 37,433 | 10,434 |
| Transfers Out | (97,156) | (80,000) | 17,156 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(68,887)</u> | <u>(38,274)</u> | <u>30,613</u> |
| Net Change in Fund Balance | (988,927) | (20,251) | 968,676 |
| Fund Balance at Beginning of Year | 5,336,851 | 5,336,851 | 0 |
| Prior Year Encumbrances Appropriated | 150,268 | 150,268 | 0 |
| Fund Balance at End of Year | <u>\$4,498,192</u> | <u>\$5,466,868</u> | <u>\$968,676</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio School Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-----------------------------|---------------------------|---|
| Revenues: | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Expenditures: | | | |
| Support Services: | | | |
| Operation and Maintenance of Plant: | | | |
| Purchased Services | 22,500 | 0 | 22,500 |
| Materials and Supplies | <u>518,862</u> | <u>214,177</u> | <u>304,685</u> |
| <i>Total Expenditures</i> | <u>541,362</u> | <u>214,177</u> | <u>327,185</u> |
| Excess of Revenues Under Expenditures | <u>(541,362)</u> | <u>(214,177)</u> | <u>327,185</u> |
| Other Financing Sources: | | | |
| Refund of Prior Year Expenditures | 1,199 | 1,373 | 174 |
| Transfers In | <u>157,500</u> | <u>157,500</u> | <u>0</u> |
| <i>Total Other Financing Sources</i> | <u>158,699</u> | <u>158,873</u> | <u>174</u> |
| Net Change in Fund Balance | (382,663) | (55,304) | 327,359 |
| Fund Balance at Beginning of Year | 1,418,941 | 1,418,941 | 0 |
| Prior Year Encumbrances Appropriated | <u>8,862</u> | <u>8,862</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$1,045,140</u></u> | <u><u>\$1,372,499</u></u> | <u><u>\$327,359</u></u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------------------|-----------------|---|
| Revenues: | | | |
| Property Taxes | \$658,435 | \$658,442 | \$7 |
| Intergovernmental | 92,065 | 92,563 | 498 |
| Investment Earnings | 81,500 | 84,600 | 3,100 |
| Miscellaneous | 7,250 | 10,736 | 3,486 |
| Total Revenues | 839,250 | 846,341 | 7,091 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational: | | | |
| Capital Outlay | 306,800 | 68,854 | 237,946 |
| Adult/Continuing: | | | |
| Capital Outlay | 16,000 | 2,288 | 13,712 |
| Total Instruction | 322,800 | 71,142 | 251,658 |
| Support Services: | | | |
| Instructional Staff: | | | |
| Capital Outlay | 10,000 | 0 | 10,000 |
| Fiscal: | | | |
| Capital Outlay | 2,000 | 0 | 2,000 |
| Other | 22,628 | 21,698 | 930 |
| Total Fiscal | 24,628 | 21,698 | 2,930 |
| Operation and Maintenance of Plant: | | | |
| Purchased Services | 5,000 | 0 | 5,000 |
| Capital Outlay | 27,000 | 24,047 | 2,953 |
| Total Operation and Maintenance of Plant | 32,000 | 24,047 | 7,953 |
| Pupil Transportation: | | | |
| Capital Outlay | 45,500 | 45,222 | 278 |
| Total Support Services | 112,128 | 90,967 | 21,161 |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations: | | | |
| Capital Outlay | 5,000 | 1,227 | 3,773 |
| Capital Outlay: | | | |
| Site Improvement Services: | | | |
| Purchased Services | 39,000 | 17,027 | 21,973 |
| Capital Outlay | 81,222 | 79,336 | 1,886 |
| Total Site Improvement Services | \$120,222 | \$96,363 | \$23,859 |

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2017
(continued)

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|--------------------|---|
| Other Facilities Acquisition and Construction Services: | | | |
| Capital Outlay | \$32,860 | \$31,880 | \$980 |
| Total Capital Outlay | <u>153,082</u> | <u>128,243</u> | <u>24,839</u> |
| Debt Service: | | | |
| Principal Retirement | 399,318 | 399,276 | 42 |
| Interest and Fiscal Charges | <u>73,959</u> | <u>59,504</u> | <u>14,455</u> |
| Total Debt Service | <u>473,277</u> | <u>458,780</u> | <u>14,497</u> |
| <i>Total Expenditures</i> | <u>1,066,287</u> | <u>750,359</u> | <u>315,928</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(227,037)</u> | <u>95,982</u> | <u>323,019</u> |
| <i>Other Financing Sources (Uses):</i> | | | |
| Proceeds from Sale of Capital Assets | 4,500 | 6,570 | 2,070 |
| Transfers Out | <u>(157,500)</u> | <u>(157,500)</u> | <u>0</u> |
| <i>Total Other Financing Sources (Uses)</i> | <u>(153,000)</u> | <u>(150,930)</u> | <u>2,070</u> |
| Net Change in Fund Balance | (380,037) | (54,948) | 325,089 |
| Fund Balance at Beginning of Year | 1,138,207 | 1,138,207 | 0 |
| Prior Year Encumbrances Appropriated | <u>21,582</u> | <u>21,582</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$779,752</u> | <u>\$1,104,841</u> | <u>\$325,089</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

Schedule of Revenues, Expenditures and Changes

In Fund Balance - Budget (Non-GAAP Basis) and Actual

Lunchroom Fund

For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|------------------|---|
| Revenues: | | | |
| Intergovernmental | \$89,075 | \$93,106 | \$4,031 |
| Investment Earnings | 3,025 | 3,341 | 316 |
| Customer Sales and Services | 72,850 | 79,036 | 6,186 |
| Miscellaneous | 1,590 | 1,892 | 302 |
| <i>Total Revenues</i> | <u>166,540</u> | <u>177,375</u> | <u>10,835</u> |
| Expenditures: | | | |
| Current: | | | |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations: | | | |
| Salaries and Wages | 81,400 | 72,727 | 8,673 |
| Fringe Benefits | 58,085 | 52,464 | 5,621 |
| Purchased Services | 3,900 | 2,729 | 1,171 |
| Materials and Supplies | 93,600 | 80,483 | 13,117 |
| Capital Outlay | 2,490 | 2,482 | 8 |
| Other | 100 | 83 | 17 |
| <i>Total Expenditures</i> | <u>239,575</u> | <u>210,968</u> | <u>28,607</u> |
| Excess of Revenues Under Expenditures | <u>(73,035)</u> | <u>(33,593)</u> | <u>39,442</u> |
| Other Financing Sources: | | | |
| Refund of Prior Year Expenditures | 0 | 194 | 194 |
| Transfers In | 35,000 | 35,000 | 0 |
| <i>Total Other Financing Sources</i> | <u>35,000</u> | <u>35,194</u> | <u>194</u> |
| Net Change in Fund Balance | (38,035) | 1,601 | 39,636 |
| Fund Balance at Beginning of Year | <u>427,256</u> | <u>427,256</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$389,221</u> | <u>\$428,857</u> | <u>\$39,636</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-----------------------------|------------------|---|
| Revenues: | | | |
| Intergovernmental | \$62,995 | \$63,111 | \$116 |
| Tuition and Fees | 61,365 | 96,644 | 35,279 |
| <i>Total Revenues</i> | <u>124,360</u> | <u>159,755</u> | <u>35,395</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Adult/Continuing: | | | |
| Salaries and Wages | 95,100 | 59,858 | 35,242 |
| Fringe Benefits | 17,860 | 9,653 | 8,207 |
| Purchased Services | 30,785 | 17,895 | 12,890 |
| Materials and Supplies | 51,525 | 26,896 | 24,629 |
| Capital Outlay | 4,500 | 981 | 3,519 |
| Total Instruction | <u>199,770</u> | <u>115,283</u> | <u>84,487</u> |
| Support Services: | | | |
| Administration: | | | |
| Salaries and Wages | 45,100 | 24,634 | 20,466 |
| Fringe Benefits | 30,600 | 24,030 | 6,570 |
| Purchased Services | 750 | 0 | 750 |
| Materials and Supplies | 700 | 353 | 347 |
| Capital Outlay | 1,000 | 0 | 1,000 |
| Total Administration | <u>78,150</u> | <u>49,017</u> | <u>29,133</u> |
| Business: | | | |
| Other | 650 | 328 | 322 |
| Total Support Services | <u>78,800</u> | <u>49,345</u> | <u>29,455</u> |
| <i>Total Expenditures</i> | <u>278,570</u> | <u>164,628</u> | <u>113,942</u> |
| Excess of Revenues Under Expenditures | <u>(154,210)</u> | <u>(4,873)</u> | <u>149,337</u> |
| Other Financing Sources: | | | |
| Refund of Prior Year Expenditures | 0 | 110 | 110 |
| Transfers In | 45,000 | 45,000 | 0 |
| <i>Total Other Financing Sources</i> | <u>45,000</u> | <u>45,110</u> | <u>110</u> |
| Net Change in Fund Balance | (109,210) | 40,237 | 149,447 |
| Fund Balance at Beginning of Year | 673,293 | 673,293 | 0 |
| Prior Year Encumbrances Appropriated | 2,885 | 2,885 | 0 |
| Fund Balance at End of Year | <u>\$566,968</u> | <u>\$716,415</u> | <u>\$149,447</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Renewed Opportunity Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-----------------------------|------------------|---|
| Revenues: | | | |
| Intergovernmental | \$34,272 | \$34,272 | \$0 |
| Customer Sales and Services | 10,600 | 10,600 | 0 |
| <i>Total Revenues</i> | <u>44,872</u> | <u>44,872</u> | <u>0</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational: | | | |
| Salaries and Wages | 500 | 0 | 500 |
| Fringe Benefits | 400 | 0 | 400 |
| Purchased Services | 50 | 0 | 50 |
| Materials and Supplies | 14,418 | 10,351 | 4,067 |
| Total Instruction | <u>15,368</u> | <u>10,351</u> | <u>5,017</u> |
| Support Services: | | | |
| Pupils: | | | |
| Salaries and Wages | 16,000 | 11,465 | 4,535 |
| Fringe Benefits | 3,273 | 1,799 | 1,474 |
| Purchased Services | 13,562 | 2,767 | 10,795 |
| Materials and Supplies | 1,050 | 557 | 493 |
| Total Pupils | <u>33,885</u> | <u>16,588</u> | <u>17,297</u> |
| Pupil Transportation: | | | |
| Salaries and Wages | 375 | 0 | 375 |
| Fringe Benefits | 59 | 0 | 59 |
| Purchased Services | 410 | 400 | 10 |
| Total Pupil Transportation | <u>844</u> | <u>400</u> | <u>444</u> |
| Total Support Services | <u>34,729</u> | <u>16,988</u> | <u>17,741</u> |
| <i>Total Expenditures</i> | <u>50,097</u> | <u>27,339</u> | <u>22,758</u> |
| Net Change in Fund Balance | (5,225) | 17,533 | 22,758 |
| Fund Balance at Beginning of Year | 83,936 | 83,936 | 0 |
| Prior Year Encumbrances Appropriated | <u>1,028</u> | <u>1,028</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$79,739</u> | <u>\$102,497</u> | <u>\$22,758</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Educational Management Information Systems Fund
For the Fiscal Year Ended June 30, 2017*

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------------------|-------------------|---|
| Revenues: | \$0 | \$0 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Central: | | | |
| Purchased Services | <u>36</u> | <u>36</u> | <u>0</u> |
| Net Change in Fund Balance | (36) | (36) | 0 |
| Fund Balance at Beginning of Year | <u>36</u> | <u>36</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OneNet Fund*

For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------------------|---------|---|
| Revenues: | | | |
| Intergovernmental | \$1,800 | \$1,800 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Instructional Staff: | | | |
| Purchased Services | 1,800 | 1,800 | 0 |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Fund Balance at End of Year | \$0 | \$0 | \$0 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Technical Preparation Grant Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-----------------------------|---------|---|
| Revenues: | | | |
| Intergovernmental | \$6,312 | \$6,312 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational: | | | |
| Salaries and Wages | 2,000 | 2,000 | 0 |
| Fringe Benefits | 314 | 314 | 0 |
| Purchased Services | 1,686 | 1,686 | 0 |
| <i>Total Expenditures</i> | 4,000 | 4,000 | 0 |
| Excess of Revenues Over Expenditures | 2,312 | 2,312 | 0 |
| Other Financing Uses: | | | |
| Advances Out | (2,323) | (2,323) | 0 |
| Net Change in Fund Balance | (11) | (11) | 0 |
| Fund Balance at Beginning of Year | 11 | 11 | 0 |
| Fund Balance at End of Year | \$0 | \$0 | \$0 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Straight A Grant Fund
For the Fiscal Year Ended June 30, 2017*

| | <u>Final Budgeted Amount</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|--------------------------------------|-------------------|---|
| Revenues | | | |
| Intergovernmental | <u>\$461,445</u> | <u>\$461,445</u> | <u>\$0</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational: | | | |
| Purchased Services | 60,000 | 60,000 | 0 |
| Capital Outlay | <u>401,445</u> | <u>401,445</u> | <u>0</u> |
| <i>Total Expenditures</i> | <u>461,445</u> | <u>461,445</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
VEPD Grant Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-----------------------------|----------------|---|
| Revenues: | | | |
| Intergovernmental | \$176,813 | \$176,813 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational: | | | |
| Salaries and Wages | 39,797 | 39,797 | 0 |
| Fringe Benefits | 6,308 | 6,308 | 0 |
| Purchased Services | 8,138 | 8,138 | 0 |
| Total Vocational | 54,243 | 54,243 | 0 |
| Support Services: | | | |
| Pupils: | | | |
| Salaries and Wages | 66,916 | 66,916 | 0 |
| Fringe Benefits | 26,916 | 26,916 | 0 |
| Total Pupils | 93,832 | 93,832 | 0 |
| Total Expenditures | 148,075 | 148,075 | 0 |
| Excess of Revenues Over Expenditures | 28,738 | 28,738 | 0 |
| Other Financing Uses: | | | |
| Advances Out | (35,000) | (35,000) | 0 |
| Net Change in Fund Balance | (6,262) | (6,262) | 0 |
| Fund Balance at Beginning of Year | 8,213 | 8,213 | 0 |
| Fund Balance at End of Year | <u>\$1,951</u> | <u>\$1,951</u> | <u>\$0</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Improving Teacher Quality Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-----------------------------|---------|---|
| Revenues: | | | |
| Intergovernmental | \$1,585 | \$1,585 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Instructional Staff: | | | |
| Purchased Services | 1,485 | 1,485 | 0 |
| Excess of Revenues Over Expenditures | 100 | 100 | 0 |
| Other Financing Uses: | | | |
| Advances Out | (110) | (110) | 0 |
| Net Change in Fund Balance | (10) | (10) | 0 |
| Fund Balance at Beginning of Year | 10 | 10 | 0 |
| Fund Balance at End of Year | \$0 | \$0 | \$0 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

Schedule of Revenues, Expenditures and Changes

In Fund Balance - Budget (Non-GAAP Basis) and Actual

Miscellaneous Federal Grants Fund

For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------------------|-------------------|---|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues: | | | |
| Intergovernmental | \$20,999 | \$20,999 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational: | | | |
| Capital Outlay | <u>20,999</u> | <u>20,999</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OSFC Locally Funded Initiative Fund
For the Fiscal Year Ended June 30, 2017

| | Final Budgeted Amount | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------------------|-----------------|---|
| Revenues: | \$0 | \$0 | \$0 |
| Expenditures: | | | |
| Capital Outlay: | | | |
| Site Improvement Services: | | | |
| Capital Outlay | 65,000 | 47,616 | 17,384 |
| Net Change in Fund Balance | (65,000) | (47,616) | 17,384 |
| Fund Balance at Beginning of Year | 124,300 | 124,300 | 0 |
| Fund Balance at End of Year | <u>\$59,300</u> | <u>\$76,684</u> | <u>\$17,384</u> |

STATISTICAL SECTION

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Statistical Section

This part of the Southern Hills Joint Vocational School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

| <u>Contents</u> | <u>Page(s)</u> |
|---|-----------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time. | S2-S11 |
| Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax. | S12-S17 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future. | S18-S22 |
| Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place. | S23-S24 |
| Operating Information These schedules contain service data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs. | S25-S38 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

| | <u>2008</u> | <u>2009 (2)</u> | <u>2010</u> | <u>2011</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| <i>Governmental Activities</i> | | | | |
| Net Investment in Capital Assets | \$10,258,114 | \$10,713,407 | \$11,273,914 | \$11,453,323 |
| Restricted for: | | | | |
| Debt Service | 183,045 | 0 | 0 | 0 |
| Capital Outlay | 1,999,209 | 2,314,245 | 1,978,126 | 1,826,476 |
| Food Service | 324,745 | 326,565 | 333,642 | 346,944 |
| Adult Education | 643,793 | 590,832 | 574,574 | 559,411 |
| Classroom Facilities | 0 | 776,650 | 889,839 | 947,346 |
| Other Purposes | 831,831 | 253,149 | 256,845 | 260,954 |
| Set-Asides | 20,297 | 20,297 | 20,297 | 20,297 |
| Unrestricted (Deficit) | <u>3,175,540</u> | <u>2,828,394</u> | <u>2,486,660</u> | <u>2,718,306</u> |
| <i>Total Governmental Activities Net Position</i> | <u>17,436,574</u> | <u>17,823,539</u> | <u>17,813,897</u> | <u>18,133,057</u> |
| Net Investment in Capital Assets | 10,258,114 | 10,713,407 | 11,273,914 | 11,453,323 |
| Restricted | 4,002,920 | 4,281,738 | 4,053,323 | 3,961,428 |
| Unrestricted | <u>3,175,540</u> | <u>2,828,394</u> | <u>2,486,660</u> | <u>2,718,306</u> |
| <i>Total Net Position</i> | <u>\$17,436,574</u> | <u>\$17,823,539</u> | <u>\$17,813,897</u> | <u>\$18,133,057</u> |

(1) In prior fiscal years, Net Position Restricted for Food Service and Adult Education were included with Unrestricted Net Position.

(2) In fiscal year 2009, net position restricted for capital outlay was restated by \$227,848 to correct an error.

Note: The School District reported the impact of GASB Statement No. 68 beginning in fiscal year 2014.

| <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$11,152,795 | \$10,920,884 | \$10,799,227 | \$10,433,001 | \$10,592,962 | \$11,007,390 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 1,913,155 | 1,762,821 | 1,291,857 | 1,939,605 | 1,969,956 | 2,021,561 |
| 366,860 | 360,187 | 382,291 | 381,325 | 434,209 | 431,763 |
| 547,840 | 551,272 | 607,718 | 630,819 | 667,601 | 708,531 |
| 1,023,516 | 1,128,924 | 1,230,377 | 1,323,268 | 1,427,634 | 1,374,076 |
| 114,341 | 105,267 | 119,828 | 118,822 | 105,857 | 103,497 |
| 20,297 | 20,297 | 20,297 | 20,297 | 20,297 | 20,297 |
| 3,404,200 | 4,004,277 | (2,430,324) | (1,789,126) | (1,307,601) | (1,641,775) |
| <u>18,543,004</u> | <u>18,853,929</u> | <u>12,021,271</u> | <u>13,058,011</u> | <u>13,910,915</u> | <u>14,025,340</u> |
| 11,152,795 | 10,920,884 | 10,799,227 | 10,433,001 | 10,592,962 | 11,007,390 |
| 3,986,009 | 3,928,768 | 3,652,368 | 4,414,136 | 4,625,554 | 4,659,725 |
| 3,404,200 | 4,004,277 | (2,430,324) | (1,789,126) | (1,307,601) | (1,641,775) |
| <u>\$18,543,004</u> | <u>\$18,853,929</u> | <u>\$12,021,271</u> | <u>\$13,058,011</u> | <u>\$13,910,915</u> | <u>\$14,025,340</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 |
|---|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Instruction: | | | | |
| Regular | \$258,274 | \$237,367 | \$181,620 | \$57,291 |
| Special | 99,804 | 32,077 | 21,411 | 6,026 |
| Vocational | 3,401,204 | 3,816,451 | 3,804,402 | 3,996,183 |
| Adult/Continuing | 129,394 | 185,832 | 143,751 | 131,893 |
| Support Services: | | | | |
| Pupils | 239,903 | 368,491 | 465,322 | 479,865 |
| Instructional Staff | 226,676 | 209,203 | 204,486 | 137,404 |
| Board of Education | 49,124 | 45,910 | 39,158 | 43,055 |
| Administration | 589,615 | 616,272 | 638,304 | 641,907 |
| Fiscal | 381,826 | 382,329 | 380,855 | 378,024 |
| Business | 62,111 | 17,642 | 5,428 | 5,259 |
| Operation and Maintenance of Plant | 500,889 | 566,361 | 536,054 | 366,483 |
| Pupil Transportation | 43,388 | 29,351 | 41,339 | 30,566 |
| Central | 42,150 | 41,162 | 41,114 | 62,842 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 265,141 | 277,097 | 296,061 | 257,863 |
| Extracurricular Activities | 9,949 | 5,149 | 10,728 | 9,560 |
| Interest and Fiscal Charges | 89,214 | 28,234 | 47,875 | 25,995 |
| Total Governmental Activities Expenses | 6,388,662 | 6,858,928 | 6,857,908 | 6,630,216 |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services and Sales: | | | | |
| Instruction: | | | | |
| Regular | 2,936 | 3,519 | 300 | 331 |
| Vocational | 35,628 | 83,129 | 72,632 | 66,616 |
| Adult/Continuing | 63,410 | 74,053 | 72,220 | 60,023 |
| Support Services: | | | | |
| Pupils | 0 | 0 | 0 | 0 |
| Instructional Staff | 0 | 0 | 0 | 0 |
| Administration | 63,410 | 51,469 | 50,196 | 64,485 |
| Business | 31,088 | 18,360 | 10,575 | 195 |
| Operation and Maintenance of Plant | 591 | 550 | 876 | 899 |
| Operation of Non-Instructional Services | 93,131 | 98,572 | 91,852 | 80,997 |
| Extracurricular Activities | 986 | 0 | 0 | 0 |
| Operating Grants, Contributions and Interest | 1,423,710 | 1,456,336 | 1,460,730 | 1,477,853 |
| Capital Grants, Contributions and Interest | 0 | 0 | 7,500 | 0 |
| Total Governmental Activities Program Revenues | 1,714,890 | 1,785,988 | 1,766,881 | 1,751,399 |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | <u>(4,673,772)</u> | <u>(5,072,940)</u> | <u>(5,091,027)</u> | <u>(4,878,817)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | 1,547,502 | 1,685,650 | 1,576,060 | 1,694,364 |
| Debt Service | 183,045 | 0 | 0 | 0 |
| Other Purposes | 0 | 0 | 0 | 157,500 |
| Capital Outlay | 372,925 | 624,312 | 578,934 | 471,900 |
| Grants and Entitlements not | | | | |
| Restricted to Specific Programs | 2,572,144 | 2,602,104 | 2,758,836 | 2,755,127 |
| Investment Earnings | 416,710 | 317,305 | 161,092 | 115,320 |
| Contributions and Donations | 0 | 23 | 0 | 0 |
| Gain on Sale of Capital Assets | 0 | 0 | 432 | 0 |
| Miscellaneous | 3,960 | 2,663 | 6,031 | 3,766 |
| Total Governmental Activities | 5,096,286 | 5,232,057 | 5,081,385 | 5,197,977 |
| Special Item - Loss on Disposal of Capital Assets | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Change in Net Position | | | | |
| Governmental Activities | <u>\$422,514</u> | <u>\$159,117</u> | <u>(\$9,642)</u> | <u>\$319,160</u> |

Note: Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in fiscal year 2015.

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$152,860 | \$159,402 | \$163,092 | \$169,307 | \$185,388 | \$197,227 |
| 36,354 | 4,253 | 4,379 | 4,415 | 4,657 | 4,684 |
| 3,339,083 | 3,489,180 | 3,724,006 | 3,330,919 | 3,244,314 | 4,253,214 |
| 136,322 | 112,956 | 111,592 | 116,371 | 125,953 | 433,942 |
| 529,312 | 522,683 | 516,380 | 516,671 | 626,478 | 642,236 |
| 102,743 | 105,313 | 39,359 | 154,233 | 144,622 | 158,977 |
| 33,941 | 37,359 | 70,225 | 80,301 | 79,699 | 63,146 |
| 631,008 | 636,988 | 620,411 | 599,256 | 653,234 | 701,214 |
| 372,494 | 395,409 | 394,736 | 397,667 | 409,053 | 447,601 |
| 4,285 | 5,592 | 5,376 | 5,156 | 6,963 | 8,662 |
| 583,300 | 555,620 | 562,140 | 554,457 | 588,726 | 749,434 |
| 42,481 | 32,688 | 40,019 | 42,859 | 81,426 | 29,092 |
| 55,466 | 42,520 | 41,146 | 28,544 | 33,370 | 31,270 |
| 215,020 | 219,612 | 222,200 | 262,717 | 273,821 | 280,316 |
| 8,879 | 8,948 | 8,167 | 10,472 | 7,637 | 7,065 |
| 26,067 | 25,923 | 83,373 | 66,671 | 60,286 | 59,319 |
| 6,269,615 | 6,354,446 | 6,606,601 | 6,340,016 | 6,525,627 | 8,067,399 |
| 110,104 | 110,291 | 250,204 | 337,450 | 434,585 | 433,759 |
| 0 | 165 | 0 | 0 | 1,935 | 3,753 |
| 46,730 | 29,950 | 62,349 | 77,180 | 63,425 | 67,303 |
| 0 | 335 | 0 | 0 | 7,765 | 6,847 |
| 0 | 0 | 0 | 70 | 0 | 0 |
| 54,641 | 43,401 | 38,839 | 33,409 | 24,872 | 29,148 |
| 128 | 156 | 53 | 101 | 198 | 193 |
| 334 | 1,305 | 22,367 | 52,865 | 53,300 | 52,125 |
| 82,285 | 82,444 | 67,559 | 76,520 | 88,363 | 79,036 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 1,488,410 | 1,419,059 | 1,204,230 | 1,244,896 | 1,725,831 | 2,261,943 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 1,782,632 | 1,687,106 | 1,645,601 | 1,822,491 | 2,400,274 | 2,934,107 |
| (4,486,983) | (4,667,340) | (4,961,000) | (4,517,525) | (4,125,353) | (5,133,292) |
| 1,643,652 | 1,736,555 | 1,787,398 | 1,812,733 | 1,699,741 | 1,915,164 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 157,500 | 157,500 | 157,500 | 157,500 | 157,500 | 157,500 |
| 451,520 | 474,821 | 486,077 | 504,228 | 437,869 | 508,030 |
| 2,564,226 | 2,503,724 | 2,610,795 | 2,975,484 | 2,509,346 | 2,507,344 |
| 75,298 | 80,313 | 78,205 | 88,813 | 163,865 | 131,804 |
| 843 | 90 | 0 | 50 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 3,891 | 25,262 | 22,822 | 15,457 | 9,936 | 27,875 |
| 4,896,930 | 4,978,265 | 5,142,797 | 5,554,265 | 4,978,257 | 5,247,717 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| \$409,947 | \$310,925 | \$181,797 | \$1,036,740 | \$852,904 | \$114,425 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Program Revenues by Function, Governmental Activities

Last Ten Fiscal Years

(accrual basis of accounting)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| <i>Governmental Activities</i> | | | | |
| Instruction: | | | | |
| Regular | \$4,616 | \$3,519 | \$300 | \$331 |
| Special | 0 | 175,078 | 165,032 | 147,190 |
| Vocational | 1,140,327 | 1,040,134 | 1,042,054 | 1,066,208 |
| Adult/Continuing | 99,082 | 111,165 | 101,999 | 90,847 |
| Support Services: | | | | |
| Pupils | 133,467 | 148,932 | 149,687 | 151,113 |
| Instructional Staff | 11,617 | 9,563 | 8,157 | 8,490 |
| Administration | 99,081 | 77,263 | 80,565 | 97,601 |
| Business | 31,088 | 18,471 | 10,607 | 295 |
| Operation and Maintenance of Plant | 2,783 | 550 | 8,376 | 899 |
| Pupil Transportation | 3,288 | 1,472 | 0 | 0 |
| Central | 5,000 | 5,000 | 5,000 | 5,000 |
| Operation of Non-Instructional Services | 183,555 | 194,841 | 195,104 | 183,425 |
| Extracurricular Activities | 986 | 0 | 0 | 0 |
| <i>Total Program Revenues</i> | <u><u>\$1,714,890</u></u> | <u><u>\$1,785,988</u></u> | <u><u>\$1,766,881</u></u> | <u><u>\$1,751,399</u></u> |

| <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| \$110,104 | \$110,291 | \$250,374 | \$337,450 | \$434,585 | \$433,759 |
| 147,190 | 147,190 | 184,345 | 239,148 | 315,650 | 374,411 |
| 1,043,241 | 998,305 | 760,206 | 721,002 | 1,105,951 | 1,610,767 |
| 76,462 | 53,527 | 104,481 | 124,903 | 108,574 | 111,254 |
| 126,569 | 113,697 | 121,079 | 120,903 | 139,214 | 119,756 |
| 7,579 | 4,201 | 3,324 | 2,944 | 2,804 | 3,285 |
| 89,406 | 77,565 | 65,084 | 54,066 | 42,577 | 48,182 |
| 209 | 279 | 89 | 163 | 339 | 319 |
| 334 | 1,305 | 22,367 | 52,865 | 53,300 | 153,338 |
| 0 | 0 | 0 | 457 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 181,538 | 180,746 | 134,252 | 168,570 | 197,280 | 79,036 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u><u>\$1,782,632</u></u> | <u><u>\$1,687,106</u></u> | <u><u>\$1,645,601</u></u> | <u><u>\$1,822,471</u></u> | <u><u>\$2,400,274</u></u> | <u><u>\$2,934,107</u></u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | <u>2008</u> | <u>2009 (1)</u> | <u>2010 (2)</u> | <u>2011</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund | | | | |
| Reserved | \$759,786 | \$607,520 | \$0 | \$0 |
| Unreserved | 2,717,764 | 2,548,635 | 0 | 0 |
| Nonspendable | 0 | 0 | 261,828 | 264,130 |
| Restricted | 0 | 0 | 0 | 0 |
| Committed | 0 | 0 | 332,892 | 173,474 |
| Assigned | 0 | 0 | 0 | 66,402 |
| Unassigned | 0 | 0 | 2,410,365 | 2,658,281 |
| Total General Fund | <u>3,477,550</u> | <u>3,156,155</u> | <u>3,005,085</u> | <u>3,162,287</u> |
| All Other Governmental Funds | | | | |
| Reserved | 384,829 | 196,433 | 0 | 0 |
| Unreserved, Undesignated, Reported in: | | | | |
| Special Revenue Funds | 1,731,936 | 1,928,176 | 0 | 0 |
| Debt Service Fund | 183,045 | 0 | 0 | 0 |
| Capital Projects Funds | 2,806,175 | 3,316,853 | 0 | 0 |
| Nonspendable | 0 | 0 | 8,609 | 2,314 |
| Restricted | 0 | 0 | 5,033,698 | 4,999,848 |
| Unassigned (Deficit) | 0 | 0 | 0 | (30,030) |
| Total All Other Governmental Funds | <u>5,105,985</u> | <u>5,441,462</u> | <u>5,042,307</u> | <u>4,972,132</u> |
| Total Governmental Funds | <u><u>\$8,583,535</u></u> | <u><u>\$8,597,617</u></u> | <u><u>\$8,047,392</u></u> | <u><u>\$8,134,419</u></u> |

(1) In 2009, All Other Governmental Fund, Unreserved, Undesignated, Report in Capital Projects Funds was restated by \$227,848 to correct an error.

(2) The change in fund balance accounts occurred due to the implementation of GASB 54 for 2011.

| <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 204,367 | 207,426 | 209,963 | 208,690 | 208,198 | 212,433 |
| 0 | 20,297 | 20,297 | 20,297 | 20,297 | 20,297 |
| 182,435 | 323,401 | 323,492 | 321,692 | 380,675 | 443,865 |
| 88,520 | 116,652 | 100,761 | 112,018 | 150,245 | 855,296 |
| <u>3,170,458</u> | <u>3,626,998</u> | <u>4,119,226</u> | <u>4,643,259</u> | <u>4,967,297</u> | <u>4,189,530</u> |
| <u>3,645,780</u> | <u>4,294,774</u> | <u>4,773,739</u> | <u>5,305,956</u> | <u>5,726,712</u> | <u>5,721,421</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 2,298 | 1,757 | 1,905 | 1,905 | 1,905 | 2,338 |
| 4,995,532 | 4,252,923 | 3,835,449 | 4,344,795 | 4,549,863 | 4,557,797 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(136)</u> | <u>(12,856)</u> |
| <u>4,997,830</u> | <u>4,254,680</u> | <u>3,837,354</u> | <u>4,346,700</u> | <u>4,551,632</u> | <u>4,547,279</u> |
| <u><u>\$8,643,610</u></u> | <u><u>\$8,549,454</u></u> | <u><u>\$8,611,093</u></u> | <u><u>\$9,652,656</u></u> | <u><u>\$10,278,344</u></u> | <u><u>\$10,268,700</u></u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Changes in Fund Balances

Last Ten Fiscal Years

(modified accrual basis of accounting)

| | 2008 | 2009 | 2010 | 2011 |
|---|--------------------|--------------------|--------------------|------------------|
| Revenues | | | | |
| Property Taxes | \$2,184,977 | \$2,292,186 | \$2,158,783 | \$2,313,887 |
| Intergovernmental | 3,947,517 | 4,094,701 | 4,210,829 | 4,188,961 |
| Investment Earnings | 384,132 | 352,596 | 156,289 | 144,960 |
| Tuition and Fees | 160,508 | 144,670 | 132,991 | 134,985 |
| Rent | 591 | 550 | 876 | 899 |
| Extracurricular Activities | 986 | 0 | 0 | 0 |
| Customer Sales and Services | 129,095 | 184,432 | 164,784 | 137,662 |
| Contributions and Donations | 1,000 | 23 | 7,665 | 54 |
| Miscellaneous | 3,960 | 2,663 | 6,031 | 3,766 |
| Total Revenues | 6,812,766 | 7,071,821 | 6,838,248 | 6,925,174 |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 256,277 | 235,772 | 183,210 | 161,949 |
| Special | 96,749 | 29,250 | 19,533 | 1,876 |
| Vocational | 2,964,215 | 3,614,713 | 3,671,523 | 3,646,856 |
| Adult/Continuing | 129,421 | 188,290 | 142,655 | 131,838 |
| Support Services: | | | | |
| Pupils | 227,206 | 356,036 | 453,373 | 463,416 |
| Instructional Staff | 210,574 | 203,977 | 202,249 | 135,283 |
| Board of Education | 48,883 | 45,750 | 39,025 | 42,922 |
| Administration | 589,050 | 605,068 | 643,374 | 697,582 |
| Fiscal | 372,948 | 361,225 | 411,034 | 364,758 |
| Business | 62,111 | 17,642 | 5,428 | 5,259 |
| Operation and Maintenance of Plant | 480,456 | 552,832 | 536,747 | 562,713 |
| Pupil Transportation | 41,598 | 51,573 | 37,107 | 26,334 |
| Central | 41,283 | 41,016 | 41,036 | 62,764 |
| Operation of Non-Instructional Services | 247,569 | 341,669 | 311,269 | 260,316 |
| Extracurricular Activities | 9,949 | 5,149 | 10,728 | 9,560 |
| Capital Outlay | 681,722 | 424,236 | 403,242 | 91,205 |
| Debt Service: | | | | |
| Principal | 2,138,123 | 197,747 | 205,457 | 213,528 |
| Interest and Fiscal Charges | 89,214 | 25,996 | 25,995 | 25,995 |
| Total Expenditures | 8,687,348 | 7,297,941 | 7,342,985 | 6,904,154 |
| Excess of Revenues Over (Under) Expenditures | (1,874,582) | (226,120) | (504,737) | 21,020 |
| Other Financing Sources (Uses) | | | | |
| Tax Anticipation Notes Issued | 0 | 0 | 0 | 0 |
| Proceeds from Lease | 3,465,997 | 0 | 0 | 0 |
| Proceeds from Sale of Capital Assets | 2,660 | 12,354 | 3,415 | 17,104 |
| Transfers In | 477,390 | 296,500 | 341,315 | 120,000 |
| Transfers Out | (477,390) | (296,500) | (341,315) | (120,000) |
| Inception of Capital Lease | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 3,468,657 | 12,354 | 3,415 | 17,104 |
| Net Change in Fund Balances | \$1,594,075 | (\$213,766) | (\$501,322) | \$38,124 |
| Debt Service as a Percentage of | | | | |
| Noncapital Expenditures | 27.8% | 3.3% | 3.3% | 3.5% |

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|-------------------|--------------------|--------------------|------------------|------------------|
| \$2,250,904 | \$2,352,213 | \$2,415,676 | \$2,478,525 | \$2,275,158 | \$2,624,728 |
| 4,093,396 | 3,918,647 | 3,803,719 | 4,228,849 | 4,226,112 | 4,760,683 |
| 71,088 | 125,022 | 74,635 | 95,490 | 162,963 | 119,583 |
| 117,504 | 85,933 | 261,999 | 287,134 | 384,707 | 395,494 |
| 334 | 1,305 | 22,367 | 52,865 | 53,300 | 52,125 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 176,384 | 180,809 | 157,005 | 237,596 | 236,436 | 224,545 |
| 1,143 | 90 | 170 | 50 | 0 | 0 |
| 3,891 | 25,262 | 22,822 | 15,457 | 9,936 | 27,875 |
| <u>6,714,644</u> | <u>6,689,281</u> | <u>6,758,393</u> | <u>7,395,966</u> | <u>7,348,612</u> | <u>8,205,033</u> |
| 141,918 | 143,895 | 146,010 | 158,882 | 171,112 | 172,860 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 3,115,819 | 2,956,946 | 3,099,298 | 2,919,331 | 2,849,747 | 3,693,383 |
| 133,160 | 110,828 | 109,378 | 115,497 | 127,610 | 614,964 |
| 502,512 | 508,742 | 499,089 | 517,104 | 613,023 | 600,869 |
| 100,489 | 102,259 | 36,108 | 133,608 | 138,977 | 143,976 |
| 33,808 | 37,226 | 55,273 | 37,196 | 36,676 | 39,708 |
| 613,394 | 596,130 | 630,082 | 601,136 | 649,861 | 656,393 |
| 363,043 | 385,841 | 381,710 | 391,473 | 396,843 | 422,690 |
| 4,285 | 5,592 | 5,376 | 5,156 | 6,938 | 8,662 |
| 546,827 | 520,692 | 525,213 | 525,486 | 549,372 | 731,979 |
| 38,995 | 30,246 | 37,577 | 41,147 | 75,854 | 34,985 |
| 55,388 | 42,443 | 41,068 | 28,466 | 33,292 | 30,791 |
| 182,748 | 187,009 | 191,765 | 234,407 | 243,100 | 242,492 |
| 8,879 | 8,948 | 8,167 | 10,472 | 7,637 | 7,065 |
| 121,465 | 897,003 | 2,433,356 | 138,472 | 319,437 | 281,594 |
| 221,978 | 230,825 | 418,135 | 448,167 | 447,806 | 479,452 |
| 25,995 | 25,995 | 79,149 | 70,014 | 60,323 | 59,504 |
| <u>6,210,703</u> | <u>6,790,620</u> | <u>8,696,754</u> | <u>6,376,014</u> | <u>6,727,608</u> | <u>8,221,367</u> |
| <u>503,941</u> | <u>(101,339)</u> | <u>(1,938,361)</u> | <u>1,019,952</u> | <u>621,004</u> | <u>(16,334)</u> |
| 0 | 0 | 2,000,000 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 5,250 | 7,183 | 0 | 21,611 | 4,684 | 6,690 |
| 125,000 | 110,000 | 135,000 | 40,124 | 130,000 | 80,000 |
| (125,000) | (110,000) | (135,000) | (40,124) | (130,000) | (80,000) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>5,250</u> | <u>7,183</u> | <u>2,000,000</u> | <u>21,611</u> | <u>4,684</u> | <u>6,690</u> |
| <u>\$509,191</u> | <u>(\$94,156)</u> | <u>\$61,639</u> | <u>\$1,041,563</u> | <u>\$625,688</u> | <u>(\$9,644)</u> |
| 4.1% | 4.4% | 7.9% | 8.3% | 8.3% | 7.3% |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Collection (Calendar) Years

| Collection Year | Real Property | | | Tangible Personal Property | |
|--------------------|------------------------------|------------------------------|------------------------------|----------------------------|------------------------------|
| | Assessed Value | | Estimated Actual Value | Public Utility | |
| | Residential/ Agricultural | Commercial/ Industrial/PU | | Assessed Value | Estimated Actual Value |
| 2008 | \$641,867,610 | \$64,133,290 | \$2,017,145,429 | \$31,647,450 | \$39,559,313 |
| 2009 | 652,578,070 | 65,877,200 | 2,052,729,343 | 32,343,540 | 40,429,425 |
| 2010 | 687,771,430 | 66,869,190 | 2,156,116,057 | 37,543,190 | 46,928,988 |
| 2011 | 690,988,760 | 66,056,580 | 2,162,986,686 | 40,091,590 | 50,114,488 |
| 2012 | 693,949,090 | 65,050,530 | 2,168,570,343 | 42,131,110 | 52,663,888 |
| 2013 | 680,313,300 | 67,713,150 | 2,137,218,429 | 42,636,310 | 53,295,388 |
| 2014 | 684,468,060 | 67,991,900 | 2,149,885,600 | 46,175,600 | 57,719,500 |
| 2015 | 688,713,820 | 65,487,790 | 2,154,861,743 | 47,497,570 | 59,371,963 |
| 2016 | 777,254,090 | 66,371,710 | 2,410,359,429 | 46,851,370 | 58,564,213 |
| 2017 | 784,846,626 | 67,043,774 | 2,433,972,571 | 51,248,400 | 64,060,500 |

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, (except telephone companies whose last year to pay tangible personal property tax was 2010).

The tangible personal property values associated with each year were the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by a 10 percent and a 2 1/2 percent rollback, and homestead exemptions before being billed.

Source: State of Ohio Department of Taxation

| Tangible Personal Property | | Total | | | Weighted Average Tax Rate |
|----------------------------|------------------------------|---------------|-----------------|--------|---------------------------------|
| General Business | | Assessed | Estimated | Ratio | |
| Assessed Value | Estimated Actual Value | Value | Actual Value | | |
| \$8,293,196 | \$132,691,136 | \$745,941,546 | \$2,189,395,877 | 34.07% | \$3.29 |
| 1,715,740 | 27,451,840 | 752,514,550 | 2,120,610,608 | 35.49% | 3.26 |
| 857,870 | 13,725,920 | 793,041,680 | 2,216,770,965 | 35.77% | 3.27 |
| 0 | 0 | 797,136,930 | 2,213,101,174 | 36.02% | 3.27 |
| 0 | 0 | 801,130,730 | 2,221,234,231 | 36.05% | 3.28 |
| 0 | 0 | 790,662,760 | 2,190,513,816 | 36.11% | 3.29 |
| 0 | 0 | 798,635,560 | 2,207,605,100 | 36.18% | 3.29 |
| 0 | 0 | 801,699,180 | 2,214,233,705 | 36.21% | 3.30 |
| 0 | 0 | 890,477,170 | 2,468,923,642 | 36.07% | 3.28 |
| 0 | 0 | 903,138,800 | 2,498,033,071 | 36.15% | 3.29 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Property Tax Rates (Per \$1,000 of Assessed Valuation)

Direct and Overlapping Governments

Last Ten Collection (Calendar) Years

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| Voted Millage | | | | |
| Operating | 5.40 | 5.40 | 5.40 | 5.40 |
| 2005 Continuous Permanent Improvement | <u>1.00</u> | <u>1.00</u> | <u>1.00</u> | <u>1.00</u> |
| Total School District Millage | <u><u>6.40</u></u> | <u><u>6.40</u></u> | <u><u>6.40</u></u> | <u><u>6.40</u></u> |
| Weighted Average | <u><u>3.29</u></u> | <u><u>3.26</u></u> | <u><u>3.27</u></u> | <u><u>3.27</u></u> |
| Overlapping Rates by Taxing District | | | | |
| County Units | 1.00 - 4.35 | 1.00 - 4.35 | 1.00 - 4.35 | 1.00 - 4.35 |
| School Districts | 23.00 - 40.20 | 22.75 - 40.20 | 22.75 - 40.20 | 22.75 - 39.80 |
| Corporations | 0.50 - 21.90 | 0.50 - 21.90 | 0.50 - 18.10 | 0.50 - 18.10 |
| Townships | 1.80 - 8.50 | 1.80 - 8.50 | 1.05 - 8.50 | 1.05 - 8.50 |
| Other Units | | | | |
| Library | 0.50 | 0.35 | 0.35 | 0.35 |
| Mental Health (Highland County) | 1.00 | 1.00 | 1.00 | 1.00 |

Source: Brown County Auditor and Ohio Department of Taxation

Direct rates of localities can be raised only by a majority of the voters in a public election.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is appraised every six years and property values are updated in the third year following each reappraisal.

| <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 |
| <u>1.00</u> | <u>1.00</u> | <u>1.00</u> | <u>1.00</u> | <u>1.00</u> | <u>1.00</u> |
| <u>6.40</u> | <u>6.40</u> | <u>6.40</u> | <u>6.40</u> | <u>6.40</u> | <u>6.40</u> |
| <u>3.28</u> | <u>3.29</u> | <u>3.29</u> | <u>3.30</u> | <u>3.28</u> | <u>3.29</u> |
| 1.00 - 4.35 | 1.00 - 4.35 | 1.00 - 4.35 | 1.00 - 4.35 | 0.80 - 3.80 | 0.80 - 3.80 |
| 22.75 - 39.80 | 22.90 - 39.70 | 23.00 - 39.70 | 23.00 - 39.70 | 23.00 - 48.58 | 23.00 - 48.55 |
| 0.50 - 18.10 | 0.50 - 18.10 | 0.00 - 18.10 | 0.00 - 18.10 | 0.50 - 5.00 | 0.50 - 5.00 |
| 1.05 - 8.00 | 1.05 - 8.00 | 1.05 - 8.00 | 1.05 - 8.00 | 0.10 - 3.00 | 0.12 - 3.50 |
| 0.35 | 0.35 | 0.35 | 0.50 | 0.50 | 0.50 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Property Tax Levies and Collections (1)
Last Ten Collection (Calendar) Years (2)

| Collection Year | Current Tax Levy (2) | Current Tax Collections | Percent of Current Tax Collections to Current Tax Levy | Delinquent Tax Collections (3) | Total Tax Collections (3) | Percent of Total Tax Collections to Current Tax Levy |
|-----------------|----------------------|-------------------------|--|--------------------------------|---------------------------|--|
| 2008 | \$2,207,931 | \$1,775,805 | 80.43% | \$134,063 | \$1,909,868 | 86.50% |
| 2009 | 2,359,488 | 1,797,396 | 76.18 | 127,624 | 1,925,020 | 81.59 |
| 2010 | 2,251,090 | 1,812,405 | 80.51 | 156,282 | 1,968,687 | 87.45 |
| 2011 | 2,011,064 | 1,771,843 | 88.10 | 170,632 | 1,942,475 | 96.59 |
| 2012 | 1,997,126 | 1,754,995 | 87.88 | 173,187 | 1,928,182 | 96.55 |
| 2013 | 2,077,614 | 1,829,727 | 88.07 | 180,174 | 2,009,901 | 96.74 |
| 2014 | 2,119,483 | 2,010,106 | 94.84 | 155,021 | 2,165,127 | 102.15 |
| 2015 | 2,310,425 | 1,949,524 | 84.38 | 127,543 | 2,077,067 | 89.90 |
| 2016 | 1,999,785 | 1,901,397 | 95.08 | 137,997 | 2,039,394 | 101.98 |
| 2017 | 2,412,037 | 2,173,045 | 90.09 | 161,798 | 2,334,843 | 96.80 |

Source: Brown County Auditor (Delinquent Tax Collection Information)
Southern Hills Joint Vocational School District Records (Current Tax Levy Information)

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Current tax levy information is based on estimates at June 30 of each year, while tax collections are based on actual receipts.
- (3) The County does not identify delinquent tax collections by tax year. Therefore, in years when delinquent collections include amounts from previous tax years, the total tax collections exceed the current tax levy.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Principal Real and Personal Property Tax Payers
2017 and 2008 (Calendar Years)

| Name of Taxpayer | 2017 | |
|----------------------------|----------------------|--|
| | Assessed Value | Percent of Real and Personal Property Assessed Value |
| Duke Energy | \$29,573,240 | 3.27% |
| Mt Orab Port Authority | 7,039,971 | 0.78% |
| Ohio Valley Manor | 6,402,885 | 0.71% |
| Kroger Limited Partnership | 5,220,457 | 0.58% |
| Gateway to Mt Orab | 4,766,228 | 0.53% |
| Milacron LLC | 4,166,485 | 0.46% |
| Davon Inc | 3,616,800 | 0.40% |
| Reyton Georgetown | 3,180,600 | 0.35% |
| Bible Baptist Church | 2,625,600 | 0.29% |
| Gerijo Inc | 2,623,685 | 0.29% |
| Totals | <u>\$69,215,951</u> | <u>7.66%</u> |
| Total Assessed Valuation | <u>\$903,138,800</u> | <u>100.00%</u> |
| Name of Taxpayer | 2008 | |
| | Assessed Value | Percent of Real and Personal Property Assessed Value |
| Kroger Limited Partnership | \$5,209,342 | 0.70% |
| Mac Tool, Inc. | 5,158,914 | 0.69% |
| Ohio Valley Manor | 5,132,371 | 0.69% |
| Cincinnati Milacron | 4,805,114 | 0.64% |
| Reyton Georgetown | 3,265,942 | 0.44% |
| Ripley Federal Savings | 2,590,914 | 0.35% |
| Crout Properties, LTD | 2,229,571 | 0.30% |
| Brown County Industrial | 1,977,914 | 0.27% |
| AHE of Ohio, Inc. | 1,920,142 | 0.26% |
| Shriji Krupa, LLC | 1,741,400 | 0.23% |
| Totals | <u>\$34,031,624</u> | <u>4.57%</u> |
| Total Assessed Valuation | <u>\$745,941,546</u> | <u>100.00%</u> |

Source: Brown County Auditor.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Ratio of General Debt
to Personal Income and Debt per Capita
Last Ten Fiscal Years

| Fiscal Year | Population (1) | Personal Income (2) | Facility Improvement and Equipment Replacement Loan | Tax Anticipation Note | Capital Lease |
|-------------|----------------|---------------------|---|-----------------------|---------------|
| 2008 | 42,104 | \$735,009,528 | \$400,001 | \$0 | \$3,465,997 |
| 2009 | 42,104 | 735,009,528 | 366,668 | 0 | 3,301,583 |
| 2010 | 42,104 | 735,009,528 | 333,335 | 0 | 3,129,459 |
| 2011 | 44,846 | 904,409,282 | 300,002 | 0 | 2,949,264 |
| 2012 | 44,846 | 904,409,282 | 266,669 | 0 | 2,760,619 |
| 2013 | 44,846 | 904,409,282 | 233,336 | 0 | 2,563,127 |
| 2014 | 44,846 | 904,409,282 | 200,003 | 1,821,951 | 2,356,374 |
| 2015 | 44,846 | 904,409,282 | 166,670 | 1,623,566 | 2,139,925 |
| 2016 | 44,846 | 904,409,282 | 133,333 | 1,435,696 | 1,913,326 |
| 2017 | 44,846 | 904,409,282 | 100,000 | 1,226,802 | 1,676,101 |

Sources: (1) National Center for Education Statistics
2003-2010 from 2000 U.S. Census Data
2011 and 2012 from 2010 U.S. Census Data

(2) National Center for Education Statistics
2003-2010 from 2000 U.S. Census Data
2011 and 2012 from 2010 U.S. Census Data
(Per Capita Personal Income multiplied by population)

The School District has no bonded debt.

General Debt

| <u>Total Debt</u> | <u>Ratio of General Debt to Estimated Actual Value</u> | <u>General Debt Per Capita</u> | <u>Percentage of Personal Income</u> |
|-----------------------|--|--|--|
| \$3,865,998 | 0.23% | \$91.82 | 0.53% |
| 3,668,251 | 0.17% | 87.12 | 0.50 |
| 3,462,794 | 0.16% | 82.24 | 0.47 |
| 3,249,266 | 0.15% | 72.45 | 0.36 |
| 3,027,288 | 0.14% | 67.50 | 0.34 |
| 2,796,463 | 0.13% | 62.36 | 0.34 |
| 4,378,328 | 0.20% | 97.63 | 0.48 |
| 3,930,161 | 0.18% | 87.64 | 0.43 |
| 3,482,355 | 0.14% | 77.65 | 0.39 |
| 3,002,903 | 0.12% | 66.96 | 0.33 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Legal Debt Margin
Last Ten Fiscal Years

| | <u>2008</u> | <u>2009 (3)</u> | <u>2010</u> | <u>2011</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Assessed Valuation (1) | \$745,941,546 | \$752,514,550 | \$793,041,680 | \$797,136,930 |
| Less: | | | | |
| General Business Personal Property | (8,293,196) | (1,715,740) | (857,870) | 0 |
| Railroad and Telephone Tangible Property | <u>(3,409,670)</u> | <u>(1,275,440)</u> | <u>(224,730)</u> | <u>(220,830)</u> |
| Total Assessed Valuation used to calculate Legal Debt Margin | <u>\$734,238,680</u> | <u>\$749,523,370</u> | <u>\$791,959,080</u> | <u>\$796,916,100</u> |
| Debt Limit - 9% of Assessed Value (2) | \$66,081,481 | \$67,457,103 | \$71,276,317 | \$71,722,449 |
| Amount of Debt Subject to Limit | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Legal Debt Margin | <u>\$66,081,481</u> | <u>\$67,457,103</u> | <u>\$71,276,317</u> | <u>\$71,722,449</u> |
| Legal Debt Margin as a Percentage of the Debt Limit | 100.00% | 100.00% | 100.00% | 100.00% |
| Unvoted Debt Limit - .10% of Assessed Value (2) | \$734,239 | \$749,523 | \$791,959 | \$796,916 |
| Amount of Debt Subject to Limit | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Unvoted Legal Debt Margin | <u>\$734,239</u> | <u>\$749,523</u> | <u>\$791,959</u> | <u>\$796,916</u> |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit | 100.00% | 100.00% | 100.00% | 100.00% |

Source: Ohio Department of Taxation and School District Financial Records

- (1) The definition of tax valuation for the purpose of calculating the legal debt margin was modified by H.B. 360, effective March 30, 2006, to exclude tangible personal property used in business, telephone and telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.
- (2) Ohio Bond Law sets a limit of nine percent for overall debt and 1/10 of one percent for unvoted debt.
- (3) Beginning in 2009, telephone tangible property is included as part of general business personal property.

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$801,130,730 | \$790,662,760 | \$798,635,560 | \$801,699,180 | \$890,477,170 | \$903,138,800 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$801,130,730</u> | <u>\$790,662,760</u> | <u>\$798,635,560</u> | <u>\$801,699,180</u> | <u>\$890,477,170</u> | <u>\$903,138,800</u> |
| \$72,101,766 | \$71,159,648 | \$71,877,200 | \$72,152,926 | \$80,142,945 | \$81,282,492 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$72,101,766</u> | <u>\$71,159,648</u> | <u>\$71,877,200</u> | <u>\$72,152,926</u> | <u>\$80,142,945</u> | <u>\$81,282,492</u> |
| 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| \$801,131 | \$790,663 | \$798,636 | \$801,699 | \$890,477 | \$903,139 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$801,131</u> | <u>\$790,663</u> | <u>\$798,636</u> | <u>\$801,699</u> | <u>\$890,477</u> | <u>\$903,139</u> |
| 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Computation of Direct and Overlapping Debt

Governmental Activities

June 30, 2017

| | Debt Attributable to Governmental Activities | Percentage Applicable to School District (1) | Amount of Direct and Overlapping Debt |
|---|--|--|---|
| Direct: | | | |
| Southern Hills Joint Vocational School District | | | |
| Facility Improvement and Equipment Replacement Loan | \$100,000 | 100.00% | \$100,000 |
| Tax Anticipation Notes | 1,226,802 | 100.00 | 1,226,802 |
| Capital Lease Obligation | 1,676,101 | 100.00 | 1,676,101 |
| Total Direct | 3,002,903 | 100.00 | 3,002,903 |
| Overlapping: | | | |
| Eastern Local School District | | | |
| General Obligation Bonds | 5,311,076 | 100.00 | 5,311,076 |
| Bright Local School District | | | |
| General Obligation Bonds | 1,082,152 | 100.00 | 1,082,152 |
| Capital Lease Obligation | 157,879 | 100.00 | 157,879 |
| Fayetteville Perry Local School District | | | |
| General Obligation Bonds | 5,405,970 | 100.00 | 5,405,970 |
| Ripley Union Lewis Huntington Local School District | | | |
| General Obligation Bonds | 690,000 | 100.00 | 690,000 |
| Capital Lease Obligation | 253,000 | 100.00 | 253,000 |
| Western Brown Local School District | | | |
| General Obligation Bonds | 1,845,000 | 100.00 | 1,845,000 |
| Capital Lease Obligation | 235,000 | 100.00 | 235,000 |
| Georgetown Exempted Village School District | | | |
| General Obligation Bonds | 3,024,996 | 100.00 | 3,024,996 |
| Certificates of Participation | 318,000 | 100.00 | 318,000 |
| Total Overlapping | 18,323,073 | | 18,323,073 |
| Total | \$21,325,976 | | \$21,325,976 |

Sources: Southern Hills Joint Vocational School District Records
Individual overlapping governments' records

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the County by its total assessed valuation.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the School District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the School District. This process recognizes that, when considering the School District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Demographic and Economic Statistics

Last Ten Years

| <u>Year</u> | <u>Population (1)</u> | <u>Personal Income (2)</u> | <u>Per Capita Personal Income (3)</u> | <u>Median Household Income (4)</u> | <u>Brown County Unemployment Rate (5)</u> |
|-------------|-----------------------|----------------------------|---------------------------------------|------------------------------------|---|
| 2008 | 42,104 | \$735,009,528 | \$17,457 | \$38,189 | 7.30% |
| 2009 | 42,104 | 735,009,528 | 17,457 | 38,189 | 13.70 |
| 2010 | 42,104 | 735,009,528 | 17,457 | 38,189 | 11.90 |
| 2011 | 44,846 | 896,426,694 | 19,989 | 44,796 | 10.40 |
| 2012 | 44,846 | 904,409,282 | 20,167 | 45,887 | 7.70 |
| 2013 | 44,846 | 904,409,282 | 20,167 | 46,865 | 7.40 |
| 2014 | 44,846 | 904,409,282 | 20,167 | 45,807 | 5.20 |
| 2015 | 44,846 | 904,409,282 | 20,167 | 46,984 | 5.10 |
| 2016 | 44,846 | 904,409,282 | 20,167 | 45,887 | 5.00 |
| 2017 | 44,846 | 904,409,282 | 20,167 | 45,887 | 5.80 |

Sources: (1) National Center for Education Statistics
 2003 - 2010 from 2000 U.S. Census Data
 2011 - 2014 from 2010 U.S. Census Data
 Sum of Populations for all school districts within Southern Hills Joint Vocational School District

(2) Computation of Per Capita Personal Income multiplied by population

(3) National Center for Education Statistics
 2003 - 2010 from 2000 U.S. Census Data
 2011 - 2014 from 2010 U.S. Census Data
 Average Per Capita Personal Income for all school districts within Southern Hills Joint Vocational School District

(4) National Center for Education Statistics
 2003 - 2010 from 2000 U.S. Census Data
 2011- 2014 from 2010 U.S. Census Data
 Average Median Household Income for all school districts within Southern Hills Joint Vocational School District

(5) Bureau of Labor Statistics

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Principal Employers
2017 and 2008

| 2017 | | | | |
|--|--------------------|---------------------|------|-------------------------------|
| Employer | Nature of Business | Number of Employees | Rank | Percentage of Total Employees |
| Western Brown Local School District | School | 400 | 1 | 6.42 % |
| Kroger | Retail Grocer | 300 | 2 | 4.81 |
| Brown County Government | Government | 280 | 3 | 4.49 |
| Cincinnati Milacron | Plastic Injection | 250 | 4 | 4.01 |
| Ohio Valley Manor | Healthcare | 240 | 5 | 3.85 |
| Southern Ohio Veteran's Home | Healthcare | 200 | 6 | 3.21 |
| P.J. Trailers | Trailers | 175 | 7 | 2.81 |
| Health Source of Ohio | Health Care | 115 | 8 | 1.84 |
| Rumpke | Waste Removal | 110 | 9 | 1.77 |
| Stanley Mechanics | Toolboxes | 110 | 10 | 1.77 |
| Total Employees from Top Ten Employers | | 2,180 | | 34.98 |
| All Other Employers | | 4,051 | | 65.02 |
| Total Employees | | 6,231 | | 100.00 % |

| 2008 | | | | |
|-------------------------------|--------------------|---------------------|------|--|
| Employer | Nature of Business | Number of Employees | Rank | |
| Brown County Government | Government | 304 | 1 | |
| Brown County General Hospital | Health Care | 300 | 2 | |
| Kroger | Retail Grocer | 287 | 3 | |
| Ohio Valley Manor | Health Care | 240 | 4 | |
| Cincinnati Milacron | Plastic Injection | 234 | 5 | |
| Southern Ohio Veterans' Home | Health Care | 205 | 6 | |
| McDonalds | Fast Food | 127 | 7 | |
| PCP Champion | Surgical Appliance | 120 | 8 | |
| Rumpke | Waste Removal | 107 | 9 | |
| Hawklinedevada | Farm Implements | 80 | 10 | |
| Total | | 2,004 | | |

Source: Brown County Department of Economic Development

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Teacher to Student Ratio
Last Ten Fiscal Years

| <u>Year</u> | <u>Average Number of Students per Teacher</u> |
|-------------|---|
| 2008 | 9.9 |
| 2009 | 10.4 |
| 2010 | 8.8 |
| 2011 | 10.6 |
| 2012 | 12.4 |
| 2013 | 13.5 |
| 2014 | 11.0 |
| 2015 | 12.9 |
| 2016 | 14.2 |
| 2017 | 14.3 |

Source: Southern Hills Joint Vocational School District records.
Calculation does not include instructional aides

Average is based on average daily membership divided by total teachers. Instructional aides are excluded from the calculation.

Southern Hills Joint Vocational School District

Employees by Function

Last Ten Fiscal Years

| | 2008 | 2009 | 2010 | 2011 |
|--|-----------|-----------|-----------|-----------|
| <i>Governmental Activities</i> | | | | |
| Instruction (1): | | | | |
| Regular | 2 | 2 | 2 | 2 |
| Vocational | 33 | 34 | 35 | 31 |
| Adult/Continuing | 3 | 3 | 3 | 3 |
| Support Services: | | | | |
| Pupils | 4 | 4 | 4 | 4 |
| Instructional Staff | 1 | 1 | 1 | 1 |
| Administration | 5 | 5 | 5 | 5 |
| Fiscal | 3 | 3 | 3 | 3 |
| Operation and Maintenance of Plant | 5 | 5 | 5 | 5 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 4 | 4 | 4 | 3 |
| <i>Total Number of Employees</i> | 60 | 61 | 62 | 57 |

Source: Southern Hills Joint Vocational School District records

(1) Includes instructional aides

| <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2 | 2 | 2 | 2 | 2 | 2 |
| 27 | 28 | 28 | 28 | 27 | 28 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 5 | 6 | 6 | 7 | 7 | 5 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 5 | 4 | 4 | 4 | 4 | 4 |
| 3 | 2 | 2 | 2 | 2 | 2 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| <u>3</u> | <u>3</u> | <u>3</u> | <u>3</u> | <u>3</u> | <u>3</u> |
| <u>54</u> | <u>54</u> | <u>54</u> | <u>55</u> | <u>54</u> | <u>53</u> |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Staff Education, Experience and Teacher Salary Data

June 30, 2017

| <u>Degree</u> | <u>Number of Staff</u> | <u>Percent of Total</u> | <u>Number of Teachers</u> | <u>Average Teacher's Salary</u> | <u>Salary Range</u> |
|----------------------------|--------------------------------|---------------------------------|-----------------------------------|---|-------------------------|
| Non-Degree | 24 | 45.28% | 8 | \$60,164 | \$40,733 - \$67,130 |
| Bachelor's Degree | 10 | 18.87% | 6 | 45,487 | 36,663 - 67,740 |
| Bachelor with 150 Hours | 0 | 0.00% | 0 | 0 | 38,056 - 66,433 |
| Master's Degree | 8 | 15.09% | 7 | 60,007 | 40,833 - 71,823 |
| Master's Degree + 18 Hours | 11 | 20.76% | 9 | 66,445 | 41,613 - 73,289 |
| Total | <u>53</u> | <u>100.00%</u> | <u>30</u> | | |

| <u>Years of Experience</u> | <u>Number of Staff</u> | <u>Percent of Total</u> |
|----------------------------|--------------------------------|---------------------------------|
| 0-5 | 9 | 16.98% |
| 6-10 | 6 | 11.32% |
| 11 and over | <u>38</u> | <u>71.70%</u> |
| Total | <u>53</u> | <u>100.00%</u> |

Source: Southern Hills Joint Vocational School District records

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Percentage of Students who Receive Free and Reduced Lunches
Last Ten Fiscal Years

| <u>Year</u> | <u>Percentage</u> |
|-------------|-------------------|
| 2008 | 38.85% |
| 2009 | 44.44 |
| 2010 | 48.80 |
| 2011 | 49.59 |
| 2012 | 47.59 |
| 2013 | 37.04 |
| 2014 | 46.99 |
| 2015 | 44.39 |
| 2016 | 49.73 |
| 2017 | 46.00 |

Source: Ohio Department of Education

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 Building Statistics, Operating Statistics and Classroom Space by Program
 Last Ten Fiscal Years
 (cash basis of accounting)

| | 2008 | 2009 | 2010 | 2011 |
|--|----------|-----------|-----------|-----------|
| Southern Hills Joint Vocational School | | | | |
| Constructed Completed in 1975 | | | | |
| Total Building Square Footage | 113,500 | 113,500 | 113,500 | 113,500 |
| Total Enrollment (1) | 286 | 312 | 325 | 312 |
| Student Capacity | 400 | 400 | 400 | 400 |
| Power Equipment Mechanics/Agricultural Industrial | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 31 | 30 | 31 | 35 |
| Students Who Graduated from Program | 11 | 12 | 11 | 12 |
| Cost of Program | \$91,235 | \$139,974 | \$176,595 | \$150,365 |
| Percentage of Students to Maximum Capacity of Program | 62% | 60% | 62% | 70% |
| Cost of Program Per Student | 2,943 | 4,666 | 5,697 | 4,296 |
| Square ft. of Program Space | 5,953 | 5,953 | 5,953 | 5,953 |
| Diversified Health Occupations | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 38 | 34 | 32 | 34 |
| Students Who Graduated from Program | 17 | 17 | 10 | 15 |
| Cost of Program | \$96,341 | \$99,375 | \$114,434 | \$98,048 |
| Percentage of Students to Maximum Capacity of Program | 76% | 68% | 64% | 68% |
| Cost of Program Per Student | 2,535 | 2,923 | 3,576 | 2,884 |
| Square ft. of Program Space | 2,141 | 2,141 | 2,141 | 2,141 |
| Information Technology/Computer Systems | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 22 | 15 | 16 | 25 |
| Students Who Graduated from Program | 14 | 7 | 7 | 4 |
| Cost of Program | \$79,691 | \$116,531 | \$94,146 | \$118,245 |
| Percentage of Students to Maximum Capacity of Program | 44% | 30% | 32% | 50% |
| Cost of Program Per Student | 3,622 | 7,769 | 5,884 | 4,730 |
| Square ft. of Program Space | 2,254 | 2,254 | 2,254 | 2,254 |

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures.

(1) Does not include home schooled students and students attending programs offered outside the central building.

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 113,500 | 113,500 | 113,500 | 113,500 | 113,500 | 113,500 |
| 338 | 338 | 340 | 328 | 328 | 359 |
| 400 | 400 | 400 | 400 | 400 | 400 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 37 | 37 | 44 | 41 | 39 | 35 |
| 20 | 17 | 18 | 23 | 17 | 22 |
| \$113,650 | \$139,764 | \$276,228 | \$166,429 | \$135,766 | \$105,084 |
| 74% | 74% | 88% | 82% | 78% | 70% |
| 3,072 | 3,777 | 6,278 | 4,059 | 3,481 | 3,002 |
| 5,953 | 5,953 | 5,953 | 5,953 | 5,953 | 5,953 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 33 | 30 | 27 | 29 | 26 | 19 |
| 15 | 15 | 12 | 11 | 13 | 12 |
| \$107,749 | \$93,778 | \$86,737 | \$100,694 | \$140,787 | \$112,225 |
| 66% | 60% | 54% | 58% | 52% | 38% |
| 3,265 | 3,126 | 3,212 | 3,472 | 5,415 | 5,907 |
| 2,141 | 2,141 | 2,141 | 2,141 | 2,141 | 2,141 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 30 | 29 | 24 | 34 | 33 | 31 |
| 16 | 12 | 13 | 11 | 19 | 12 |
| \$105,487 | \$124,771 | \$99,122 | \$105,867 | \$128,763 | \$125,242 |
| 60% | 58% | 48% | 68% | 66% | 62% |
| 3,516 | 4,302 | 4,130 | 3,114 | 3,902 | 4,040 |
| 2,254 | 2,254 | 2,254 | 2,254 | 2,254 | 2,254 |

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 Building Statistics, Operating Statistics and Classroom Space by Program
 Last Ten Fiscal Years
 (cash basis of accounting)
 (continued)

| | 2008 | 2009 | 2010 | 2011 |
|---|-----------|-----------|-----------|-----------|
| Early Childhood Education | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 25 | 26 | 23 | 25 |
| Students Who Graduated from Program | 11 | 14 | 9 | 12 |
| Cost of Program | \$102,759 | \$137,554 | \$115,426 | \$120,039 |
| Percentage of Students to Maximum Capacity of Program | 50% | 52% | 46% | 50% |
| Cost of Program Per Student | 4,110 | 5,291 | 5,019 | 4,802 |
| Square ft. of Program Space | 2,853 | 2,853 | 2,853 | 2,853 |
| Automobile Technology | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 40 | 33 | 34 | 27 |
| Students Who Graduated from Program | 15 | 14 | 17 | 10 |
| Cost of Program | \$198,485 | \$228,617 | \$226,263 | \$247,638 |
| Percentage of Students to Maximum Capacity of Program | 80% | 66% | 68% | 54% |
| Cost of Program Per Student | 4,962 | 6,928 | 6,655 | 9,172 |
| Square ft. of Program Space | 6,677 | 6,677 | 6,677 | 6,677 |
| Carpentry | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 18 | 22 | 19 | 15 |
| Students Who Graduated from Program | 8 | 4 | 14 | 3 |
| Cost of Program | \$112,423 | \$109,086 | \$160,574 | \$110,675 |
| Percentage of Students to Maximum Capacity of Program | 36% | 44% | 38% | 30% |
| Cost of Program Per Student | 6,246 | 4,958 | 8,451 | 7,378 |
| Square ft. of Program Space | 5,569 | 5,569 | 5,569 | 5,569 |

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures.

(1) Does not include home schooled students and students attending programs offered outside the central building.

n/o - Program not offered.

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 50 | 50 | 50 | 50 | 50 | 50 |
| 28 | 29 | 28 | 24 | 36 | 31 |
| 12 | 17 | 14 | 7 | 16 | 16 |
| \$157,430 | \$81,727 | \$95,275 | \$108,382 | \$123,101 | \$136,285 |
| 56% | 58% | 56% | 48% | 72% | 62% |
| 5,623 | 2,818 | 3,403 | 4,516 | 3,419 | 4,396 |
| 2,853 | 2,853 | 2,853 | 2,853 | 2,853 | 2,853 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 37 | 39 | 27 | 22 | 29 | 32 |
| 17 | 22 | 16 | 9 | 12 | 18 |
| \$259,339 | \$179,494 | \$230,688 | \$214,952 | \$226,530 | \$267,484 |
| 74% | 78% | 54% | 44% | 58% | 64% |
| 7,009 | 4,602 | 8,544 | 9,771 | 7,811 | 8,359 |
| 6,677 | 6,677 | 6,677 | 6,677 | 6,677 | 6,677 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 18 | 17 | 17 | 12 | 18 | 23 |
| 12 | 5 | 10 | 8 | 6 | 10 |
| \$123,494 | \$79,819 | \$87,710 | \$84,553 | \$76,922 | \$102,322 |
| 36% | 34% | 34% | 34% | 34% | 34% |
| 6,861 | 4,695 | 5,159 | 7,046 | 4,273 | 4,449 |
| 5,569 | 5,569 | 5,569 | 5,569 | 5,569 | 5,569 |

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 Building Statistics, Operating Statistics and Classroom Space by Program
 Last Ten Fiscal Years
 (cash basis of accounting)
 (continued)

| | 2008 | 2009 | 2010 | 2011 |
|---|-----------|-----------|-----------|-----------|
| Welding | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 19 | 35 | 30 | 30 |
| Students Who Graduated from Program | 8 | 12 | 14 | 17 |
| Cost of Program | \$122,679 | \$274,715 | \$377,028 | \$214,780 |
| Percentage of Students to Maximum Capacity of Program | 38% | 70% | 60% | 60% |
| Cost of Program Per Student | 6,457 | 7,849 | 12,568 | 7,159 |
| Square ft. of Program Space | 9,273 | 9,273 | 9,273 | 9,273 |
| Cosmotology | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 24 | 32 | 43 | 27 |
| Students Who Graduated from Program | 10 | 11 | 18 | 18 |
| Cost of Program | \$155,752 | \$172,459 | \$177,625 | \$214,184 |
| Percentage of Students to Maximum Capacity of Program | 48% | 64% | 86% | 54% |
| Cost of Program Per Student | 6,490 | 5,389 | 4,131 | 7,933 |
| Square ft. of Program Space | 2,746 | 2,746 | 2,746 | 2,746 |
| Criminal Justice | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 21 | 21 | 25 | 20 |
| Students Who Graduated from Program | 9 | 9 | 10 | 12 |
| Cost of Program | \$56,522 | \$71,519 | \$62,174 | \$67,104 |
| Percentage of Students to Maximum Capacity of Program | 42% | 42% | 50% | 40% |
| Cost of Program Per Student | 2,692 | 3,406 | 2,487 | 3,355 |
| Square ft. of Program Space | 2,776 | 2,776 | 2,776 | 2,776 |
| Graphics | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 31 | 29 | 36 | 45 |
| Students Who Graduated from Program | 17 | 16 | 9 | 24 |
| Cost of Program | \$93,236 | \$88,661 | \$103,143 | \$124,402 |
| Percentage of Students to Maximum Capacity of Program | 62% | 58% | 72% | 90% |
| Cost of Program Per Student | 3,008 | 3,057 | 2,865 | 2,764 |
| Square ft. of Program Space | 2,389 | 2,389 | 2,389 | 2,389 |

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures.

(1) Does not include home schooled students and students attending programs offered outside the central building.

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 50 | 50 | 50 | 50 | 50 | 50 |
| 25 | 30 | 35 | 27 | 34 | 43 |
| 11 | 9 | 17 | 13 | 11 | 22 |
| \$152,396 | \$165,273 | \$159,866 | \$160,578 | \$171,342 | \$206,542 |
| 50% | 60% | 70% | 54% | 68% | 86% |
| 6,096 | 5,509 | 4,568 | 5,947 | 5,039 | 4,803 |
| 9,273 | 9,273 | 9,273 | 9,273 | 9,273 | 9,273 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 23 | 27 | 25 | 20 | 35 | 39 |
| 8 | 11 | 13 | 5 | 12 | 18 |
| \$135,412 | \$97,992 | \$97,528 | \$85,649 | \$62,728 | \$68,012 |
| 46% | 54% | 50% | 40% | 70% | 78% |
| 5,887 | 3,629 | 3,901 | 4,282 | 1,792 | 1,744 |
| 2,746 | 2,746 | 2,746 | 2,746 | 2,746 | 2,746 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 21 | 25 | 22 | 31 | 32 | 27 |
| 7 | 13 | 10 | 10 | 17 | 13 |
| \$71,938 | \$65,278 | \$74,988 | \$74,183 | \$72,910 | \$81,811 |
| 42% | 50% | 44% | 62% | 64% | 54% |
| 3,426 | 2,611 | 3,409 | 2,393 | 2,278 | 3,030 |
| 2,776 | 2,776 | 2,776 | 2,776 | 2,776 | 2,776 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 39 | 34 | 25 | 21 | 29 | 39 |
| 19 | 15 | 16 | 8 | 11 | 16 |
| \$97,284 | \$88,369 | \$82,070 | \$89,797 | \$120,285 | \$92,884 |
| 78% | 68% | 50% | 42% | 58% | 78% |
| 2,494 | 2,599 | 3,283 | 4,276 | 4,148 | 2,382 |
| 2,389 | 2,389 | 2,389 | 2,389 | 2,389 | 2,389 |

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 Building Statistics, Operating Statistics and Classroom Space by Program
 Last Ten Fiscal Years
 (cash basis of accounting)
 (continued)

| | 2008 | 2009 | 2010 | 2011 |
|---|----------|----------|----------|----------|
| Business and Finance | | | | |
| Maximum Capacity of Program | 50 | 50 | 50 | 50 |
| Number of Students at End of Year (1) | 17 | 20 | 19 | 12 |
| Students Who Graduated from Program | 15 | 10 | 8 | 7 |
| Cost of Program | \$83,136 | \$85,440 | \$71,652 | \$81,601 |
| Percentage of Students to Maximum Capacity of Program | 34% | 40% | 38% | 24% |
| Cost of Program Per Student | 4,890 | 4,272 | 3,771 | 6,800 |
| Square ft. of Program Space | 2,508 | 2,508 | 2,508 | 2,508 |
| BioTech/Engineering | | | | |
| Maximum Capacity of Program | n/o | n/o | n/o | n/o |
| Number of Students at End of Year (1) | n/o | n/o | n/o | n/o |
| Students Who Graduated from Program | n/o | n/o | n/o | n/o |
| Cost of Program | n/o | n/o | n/o | n/o |
| Percentage of Students to Maximum Capacity of Program | n/o | n/o | n/o | n/o |
| Cost of Program Per Student | n/o | n/o | n/o | n/o |
| Square ft. of Program Space | n/o | n/o | n/o | n/o |
| Sports Medicine | | | | |
| Maximum Capacity of Program | n/o | 50 | 50 | 50 |
| Number of Students at End of Year (1) | n/o | 15 | 12 | 22 |
| Students Who Graduated from Program | n/o | 4 | 3 | 8 |
| Cost of Program | n/o | \$85,440 | \$88,891 | \$82,517 |
| Percentage of Students to Maximum Capacity of Program | n/o | 30% | 24% | 44% |
| Cost of Program Per Student | n/o | 5,696 | 7,408 | 3,751 |
| Square ft. of Program Space | n/o | n/o | n/o | n/o |
| Culinary Arts | | | | |
| Maximum Capacity of Program | n/o | n/o | n/o | n/o |
| Number of Students at End of Year (1) | n/o | n/o | n/o | n/o |
| Students Who Graduated from Program | n/o | n/o | n/o | n/o |
| Cost of Program | n/o | n/o | n/o | n/o |
| Percentage of Students to Maximum Capacity of Program | n/o | n/o | n/o | n/o |
| Cost of Program Per Student | n/o | n/o | n/o | n/o |
| Square ft. of Program Space | n/o | n/o | n/o | n/o |

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures.

(1) Does not include home schooled students and students attending programs offered outside the central building.

n/o - Program not offered.

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------|-----------|-----------|-----------|-----------|-----------|
| 50 | 50 | 50 | n/o | n/o | n/o |
| 15 | 20 | 16 | n/o | n/o | n/o |
| 4 | 10 | 9 | n/o | n/o | n/o |
| \$80,251 | \$78,849 | \$95,092 | n/o | n/o | n/o |
| 30% | 40% | 32% | n/o | n/o | n/o |
| 5,350 | 3,942 | 5,943 | n/o | n/o | n/o |
| 2,508 | 2,508 | 2,508 | n/o | n/o | n/o |
| 50 | 50 | 50 | 50 | 50 | n/o |
| 9 | 18 | 14 | 9 | 4 | n/o |
| 3 | 8 | 8 | 4 | 4 | n/o |
| \$69,288 | \$175,287 | \$107,084 | \$112,052 | \$105,497 | n/o |
| 18% | 36% | 28% | 18% | 8% | n/o |
| 7,699 | 9,738 | 7,649 | 12,450 | 26,374 | n/o |
| 2,508 | 2,508 | 2,508 | 2,508 | 2,508 | n/o |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 22 | 28 | 23 | 28 | 29 | 27 |
| 12 | 7 | 15 | 8 | 17 | 10 |
| \$80,668 | \$93,407 | \$102,011 | \$89,207 | \$100,763 | \$113,036 |
| 44% | 56% | 46% | 56% | 58% | 54% |
| 3,667 | 3,336 | 4,435 | 3,186 | 3,475 | 4,187 |
| n/o | 1,474 | 1,474 | 1,474 | 1,474 | 1,474 |
| n/o | n/o | 50 | 50 | 50 | 50 |
| n/o | n/o | 19 | 28 | 20 | 13 |
| n/o | n/o | 4 | 14 | 12 | 7 |
| n/o | n/o | \$122,395 | \$104,039 | \$103,467 | \$122,948 |
| n/o | n/o | 38% | 56% | 40% | 26% |
| n/o | n/o | 6,442 | 3,716 | 5,173 | 9,458 |
| n/o | n/o | 3,229 | 3,229 | 3,229 | 3,229 |

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Per Pupil Cost
Last Ten Fiscal Years

| Fiscal Year | Average Daily Membership (1) | General Government | | Governmental Activities | |
|----------------|------------------------------------|---------------------------|-------------------|-------------------------|-------------------|
| | | Total Expenditures (2) | Per Pupil Cost | Total Expenses (3) | Per Pupil Cost |
| 2008 | 346 | \$6,460,011 | \$18,671 | \$6,299,448 | \$18,206 |
| 2009 | 365 | 7,074,198 | 19,381 | 6,830,694 | 18,714 |
| 2010 | 325 | 7,111,533 | 21,882 | 6,810,033 | 20,954 |
| 2011 | 370 | 6,664,631 | 18,013 | 6,604,221 | 17,849 |
| 2012 | 384 | 5,962,730 | 15,528 | 6,243,548 | 16,259 |
| 2013 | 419 | 6,533,800 | 15,594 | 6,328,523 | 15,104 |
| 2014 | 340 | 8,199,470 | 24,116 | 6,523,228 | 19,186 |
| 2015 | 373 | 5,857,833 | 15,705 | 6,273,345 | 16,819 |
| 2016 | 412 | 6,219,479 | 15,096 | 6,465,341 | 15,693 |
| 2017 | 428 | 7,682,411 | 17,950 | 8,008,080 | 18,710 |

Source: Southern Hills Joint Vocational School District Records

(1) Average daily membership does not include home schooled students and students attending programs offered outside the central building.

(2) Excludes debt service expenditures.

(3) Excludes interest and fiscal charges.



Dave Yost • Auditor of State

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
BROWN COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 13, 2018**