

Southern Hills Joint Vocational School District

Brown County

Regular Audit

July 1, 2004 through June 30, 2005

Fiscal Year Audited Under GAGAS: 2005

BALESTRA, HARR & SCHERER, CPAs, INC.
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**Auditor of State
Betty Montgomery**

Board of Trustees
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 Balestra, Harr & Scherer, CPAs, Inc. for the audit period July 1, 2004 through June 30, 2005. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 13, 2006

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

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Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

To the Board of Education:

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 District), as of and for the year ended June 30, 2005 which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

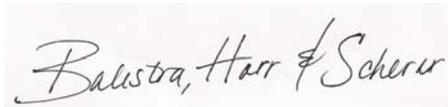
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the District in a separate letter dated November 10, 2005.

Southern Hills Joint Vocational School District
Brown County
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance
with *Governmental Auditing Standards*
Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
November 10, 2005

***SOUTHERN HILLS
JOINT VOCATIONAL SCHOOL DISTRICT***

GEORGETOWN, OHIO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**Issued by:
Treasurer's Office**

**Michael D. Boyd, CPA
Treasurer**

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Southern Hills Joint Vocational School District
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November 10, 2005

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, 2005. 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.

State law requires that every general-purpose local government submit a complete set of audited financial statements within five months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2005.

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 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.

Balestra, Harr & Scherer, CPAs, Inc., have issued an unqualified ("clean") opinion on the Southern Hills Joint Vocational School District's financial statements for the fiscal year ended June 30, 2005. The report of independent auditors is located at the front of the Financial Section of this report.

Management's discussion and analysis immediately follows the report of independent auditors 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.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The Introductory Section includes a table of contents, this transmittal letter, a list of principal officials, an organizational chart, and a list of the School District's consultants and advisors.

2. The Financial Section includes the report of independent auditors on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, and the combining and individual fund statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. The Statistical Section includes selected financial, demographic and economic information which may be useful for further analysis and comparisons, generally presented on a multi-year basis.

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 Brown and Highland County. Secondary classes offered at the School District include Power Equipment Mechanics/Agricultural Industrial, Diversified Health Occupations, Information Technology/Computer Systems, Early Childhood Education, Automotive Technology, Carpentry, Machining Technology, Welding, Cosmetology, Graphics, Business Technology 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, Impact (Home Economics) and Career Exploration and Agricultural Science/Business. 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 Brown County and Bright Local School District in Highland County. The school 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 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 Fayette-Clinton-Highland Educational Service Center. 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. The representation currently has a member from five of the six home school districts (Eastern, Fayetteville-Perry, Georgetown Exempted Village, Ripley-Union-Lewis-Huntington, Western Brown) and one member from the Brown County Educational Service Center and one member from the Southern Ohio Educational Service Center formerly known as the Clinton-Fayette-Highland Education Service District to represent Bright Local.

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 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 Student Services Coordinator, a Director of Adult and Community Education and supervisors of various educational and support services.

The School District employs 64 full-time employees. These employees include certified, non-certified and administrative personnel providing services to 416 secondary students and 1,422 adult students.

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 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. 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 (SCOCA), and the Coalition of Rural and Appalachian Schools are reported as jointly governed organizations in Note 15. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan is reported as 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.

The School Board is required to adopt a final budget no later than the close of the fiscal year. This annual budget serves 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. Brown County has seen significant growth in the northern part of the county in residential housing, but industrial jobs have been on a slight decline during the past five years.

Brown County is a rural community in Southern Ohio with unemployment rates seven tenths of a percent (0.7 percent) above the state unemployment rate. During the past ten years, the unemployment rate rose from 6.1 percent in 1996 to a high of 7.2 percent in 2002, with a current rate of 6.5 percent in June 2005. The population of Brown County in the 2000 census was 42,285. Population projections for Brown County are indicating growth over the next decade; in fact, a count of 44,239 is the 2004 estimated population. This represents a 4.6 percent change since April 1, 2000, compared to an estimated state growth rate of 0.9 percent. The population growth rate from 1990 to 2000 was 20.9 percent or 7,319 while the State of Ohio rate was 4.7 percent.

The Southern Hills Joint Vocational School District is located in the center of the six member school districts it serves. The School District encompasses approximately 634 square miles which includes eight villages and many townships. The county 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 last six years prior to the 2000 census, Brown County has seen a steady jump in housing starts with a total of 397 houses constructed in the county or a 2.6 percent increase in total units. According to estimates provided by the United States Census Bureau an additional 4.6 percent is estimated in the five years since the 2000 census. The residential growth has created a significant increase in property values in the county with the residential/agricultural valuations jumping 50.2 percent since 2000 collections.

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. Now a State memorial and open to the public, the Rankin House will help 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; Washburn Log House and the Ohio River.

Graduates of the Southern Hills Joint Vocational School District may seek local employment with major industrial employers like Cincinnati Milacron, Stanley Works, Hawklane and PCP Champion.

FINANCIAL TRENDS

During fiscal year 2005, the School District experienced less than a one percent increase in the State foundation revenue. This is due primarily to a slight increase in student enrollment during the fiscal year. The School District is not anticipating growth in enrollment in the upcoming fiscal year, as the renovation project will limit access and space utilized by the School District's programs, which will in turn, limit the number of students the School District will be able to serve. In June 1999, House Bill 282, Rule 3301-61-16, required career technical centers to spend weighted cost funds only on costs associated with the delivery of career-technical programming to career-technical students. This requirement forced career-technical districts to increase spending in the vocational instruction area of their budget.

FINANCIAL PLANNING AND POLICIES

House Bill 675 provided joint vocational school districts with the opportunity to improve the condition of their classrooms by allowing them to join into agreements with the Ohio School Facilities Commission. This became effective in March 2003. In September 2005, the Southern Hills Joint Vocational School District signed an agreement with the Ohio School Facilities Commission for a renovation of and addition to the current facility. The total project cost is \$10,274,179. In February 2005, the voters of Southern Hills approved a one-mill permanent improvement levy to help the School District with the renovation and addition project. This project will increase the revenues and expenditures of the School District during the life of the construction project.

Another issue the School District is encountering is House Bill 66. In June 2005, House Bill 66 was signed and put into law. This bill phases out the tangible personal property tax. This bill will affect future planning of the School District's budget because the School District will lose approximately 3.7 percent of its General Fund property tax revenue when this tax is phased out beginning in the year 2011.

As stated previously, House Bill 282 requires career-technical centers to spend weighted funds only on costs associated with the delivery of career-technical programming to career-technical students. In May 2004, part of this bill was replaced to require career-technical centers to spend at least 75 percent of their weighted funds on specified areas; these areas do not include salaries or fringe benefits. This amendment to House Bill 282 will require the Southern Hills Joint Vocational School District to increase their expenditures on vocational instruction by approximately 60 percent. This will have an enormous impact in the planning of the School District's five-year forecast.

MAJOR INITIATIVES

FOR THE YEAR

Major initiatives completed during fiscal year 2005 included financial and student accomplishments. The School District began the planning stages with the Ohio School Facilities Commission for the renovation and addition project. The project will include a locally funded 7,369 square foot addition for career technical programs and a multi-media room. The School District will begin the construction project by the spring of 2006. The voters of Southern Hills passed a one mill permanent improvement levy on February 8, 2005 in anticipation of receiving a grant for construction through the Ohio School Facilities Commission. The one mill levy replaced a levy of four tenths of a mill that expired in December 2004. Southern Hills had two students serve as State officers for FCCLA in 2005 and has won a total of ten State awards and 6 national awards in VICA Skills USA and FCCLA since 2000.

FOR THE FUTURE

The Treasurer plans to continue with the Comprehensive Annual Financial Report in future fiscal years. The School District was awarded a grant by the State of Ohio through the Ohio School Facilities Commission to renovate the current facility and build an addition to the school in September 2005. The total amount of the project is \$10,274,179. The State grant is \$7,705,179 and was contingent upon the passage of a tax levy proposed by the School District to pay for the local share of the project.

AWARDS AND ACKNOWLEDGEMENTS

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to any government unit that publishes 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.

A Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. Since this report was prepared with the stringent guidelines of the Certificate of Achievement in mind, it will be submitted to the GFOA to determine its eligibility for the Certificate of Achievement for the fiscal year ended June 30, 2005.

ASBO CERTIFICATE

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 first CAFR for this award for the fiscal year ended June 30, 2005.

ACKNOWLEDGMENTS

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 and Donna Wallingford. 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,

Charles A. Guarino Ed. D., Superintendent

Michael D. Boyd CPA, Treasurer
Southern Hills Joint Vocational School District

***Southern Hills Joint Vocational School District
Principal Officials
As Of June 30, 2005***

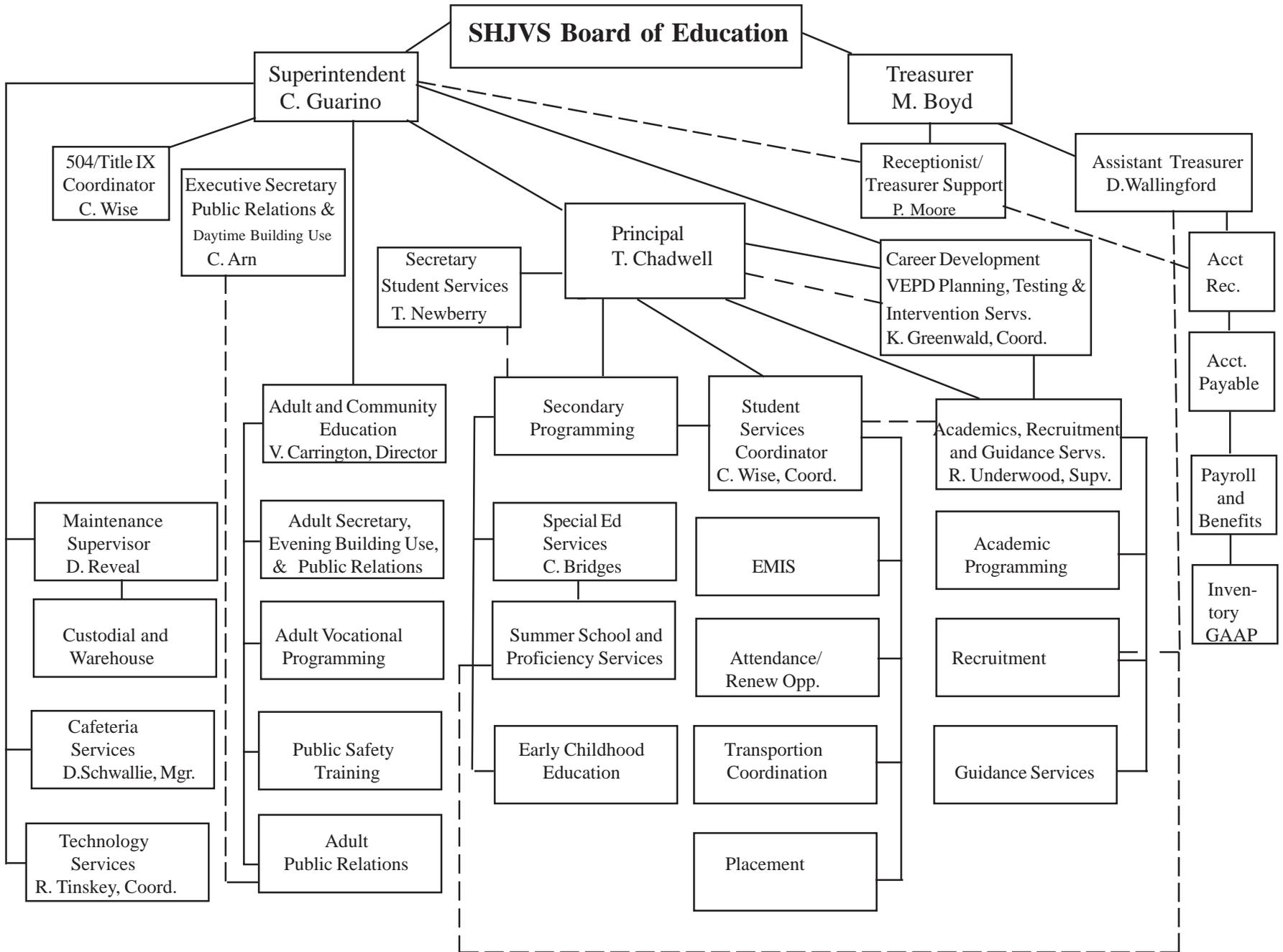
ELECTED OFFICIALS

President, Board of Education	Levi Eldridge
Vice President, Board of Education.....	Kenneth Kelch
Board Member	Melanie Crone
Board Member	Robert Taylor
Board Member	Roger West
Board Member	William Neal
Board Member	Jay Castle

ADMINISTRATIVE OFFICIALS

Superintendent	Charles Guarino
Treasurer	Michael Boyd
Principal	Tim Chadwell
Special Education Coordinator	Chandra Bridges
Building and Grounds Supervisor.....	David Reveal
Adult Education Director.....	Vicki Carrington
Student Services Coordinator	Cynthia Wise
Academic Supervisor	Rachel Underwood
Intervention/Career Development Coordinator	Kate Greenwald

Southern Hills Joint Vocational School District Organizational Chart - June 30, 2005



***Southern Hills Joint Vocational School District
Consultants and Advisors
June 30, 2005***

Architects

Steed Hammond Paul
82 Williams Avenue
Hamilton, OH 45011

Bond Counsel

Peck, Shaffer & Williams LLP
Suite 900
201 East Fifth Street
Cincinnati, OH 45202

Independent Auditor

Balestra, Harr & Scherer, CPAs, Inc.
P.O. Box 687
528 South West Street
Piketon, OH 45661

CAFR Preparation Consultants

Betty Montgomery, Auditor of State
Local Government Services Section
88 East Broad Street
Columbus, OH 45215

**Workers' Compensation/
Unemployment**

Sheakley Uniservice, Inc.
P.O. Box 42212
Cincinnati, OH 45242

Investment Advisor

Fifth Third Bank
38 Fountain Square Plaza
MD #10903B
Cincinnati, OH 45263

Legal Counsel

Ennis, Roberts & Fischer
121 West Ninth Street
Cincinnati, OH 45202

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

Official Depositories

Fifth Third Bank
4899 State Route 125
Georgetown, OH 45121

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

FINANCIAL SECTION

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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 (the District), Brown County, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

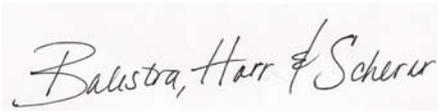
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2005, and the respective changes in financial position thereof, and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board
Southern Hills Joint Vocational School District
Independent Auditor's Report
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored, slightly textured background.

Balestra, Harr & Scherer, CPAs, Inc.
November 10, 2005

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
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, 2005. 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, 2005. 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.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 1999.

Financial Highlights

- In total, net assets increased \$380,920.
- General revenues accounted for \$4,116,907 in revenue or 68 percent of all total revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$1,929,406 or 32 percent of total revenues of \$6,046,313.
- The School District had \$5,665,393 in expenses related to governmental activities; only \$1,929,406 of these expenses were offset by program specific charges for services and sales, operating grants and contributions. General revenues (primarily grants, entitlements and property taxes) of \$4,116,907 were used to provide for these programs.

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.

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental 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 non-major funds presented in total in one column. The major funds for the Southern Hills Joint Vocational School District are the General Fund, the Permanent Improvement Capital Projects Fund, and the Vocational Education Equipment Capital Projects Fund.

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 2005?"

The *Statement of Net Assets* 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 *liabilities* 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 year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. 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 9. 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.

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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 Assets 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 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 Assets provides the perspective of the School District as a whole.

Table 1, on the following page, provides a summary of the School District's net assets for 2005 and 2004:

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

(Table 1)
Net Assets

	Governmental Activities		
	2005	2004	Change in Net Assets
Assets			
Current and			
Other Assets	\$9,152,692	\$7,950,745	\$1,201,947
Capital Assets	3,726,544	3,683,672	42,872
Total Assets	12,879,236	11,634,417	1,244,819
Liabilities			
Long-Term Liabilities	729,484	204,715	524,769
Other Liabilities	2,331,905	1,992,775	339,130
Total Liabilities	3,061,389	2,197,490	863,899
Net Assets			
Invested in Capital Assets	3,726,544	3,683,672	42,872
Restricted	2,970,910	2,946,378	24,532
Unrestricted	3,120,393	2,806,877	313,516
Total Net Assets	\$9,817,847	\$9,436,927	\$380,920

Total assets increased by \$1,244,819. Total liabilities increased by \$863,899. Total net assets increased by \$380,920. Invested in Capital Assets for governmental activities increased due to current year acquisitions exceeding deletions and depreciation by \$42,872. Restricted Net Assets for governmental activities only increased by \$24,532. This was primarily due to the receipt of tax revenues and interest revenues, offset by slight variations in expenses during the year. The remaining increase in Unrestricted Net Assets for governmental activities of \$313,516 was due to an increase in State monies being received based upon an increase in the number of programs offered by the School District.

Table 2, on the following page, shows the changes in net assets for fiscal years 2005 and 2004.

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Revenues		
Program Revenues:		
Charges for Services and Sales	\$380,743	\$436,610
Operating Grants and Contributions	1,548,663	1,520,877
Total Program Revenues	1,929,406	1,957,487
General Revenues:		
Property Taxes	1,710,696	1,714,066
Grants and Entitlements not Restricted to Specific Programs	2,225,064	2,155,907
Unrestricted Investment Earnings	172,349	65,418
Rent	0	5,649
Miscellaneous	8,798	11,839
Total General Revenues	4,116,907	3,952,879
Total Revenues	6,046,313	5,910,366
Program Expenses		
Instruction:		
Regular	171,717	140,266
Vocational	3,132,897	3,090,159
Adult/Continuing	170,921	202,395
Support Services:		
Pupils	335,928	330,181
Instructional Staff	114,298	114,036
Board of Education	39,710	36,002
Administration	532,155	505,658
Fiscal	317,705	311,520
Business	46,887	38,876
Operation and Maintenance of Plant	499,742	598,992
Pupil Transportation	31,143	31,712
Central	50,989	51,418
Operation of Non-Instructional Services:		
Food Service Operations	211,106	176,821
Extracurricular Activities	10,195	7,373
Total Expenses	5,665,393	5,635,409
Increase in Net Assets	380,920	274,957
Net Assets - Beginning of Year	9,436,927	9,161,970
Net Assets - End of Year	\$9,817,847	\$9,436,927

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Program revenues decreased by \$28,081, due mainly to a decrease in charges for services and sales. Grants and entitlements not restricted for specific purposes increased by \$69,157 due to an increase in unrestricted school foundation monies received from the Ohio Department of Education. Investment earnings increased by \$106,931 due to a significant jump in the interest rates the School District was receiving on its certificates of deposit and investments.

Governmental Activities

Grants and Entitlements made up 37 percent of revenues for governmental activities of the Southern Hills Joint Vocational School District for fiscal year 2005. 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. Southern Hills Joint Vocational School District is ranked 48th out of the 49 Ohio Joint Vocational School Districts in property valuation per pupil.

Instruction comprises 61 percent of governmental program expenses. 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 in providing education to career technology students.

The Statement of Activities shows the cost of program services and the charges for services, sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

(Table 3)
Governmental Activities

	Total Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
Instruction	\$3,475,535	\$3,432,820	(\$2,012,883)	(\$1,920,692)
Support Services	1,968,557	2,018,395	(1,631,026)	(1,682,443)
Operation of Non-Instructional Services:				
Food Service Operations	211,106	176,821	(81,883)	(68,069)
Extracurricular Activities	10,195	7,373	(10,195)	(6,718)
Total	\$5,665,393	\$5,635,409	(\$3,735,987)	(\$3,677,922)

*Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited*

The School District's Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,068,681 and expenditures of \$5,723,580. The net change in fund balance for the year was most significant in the General Fund, an increase of \$281,120. This is due mainly to the School District's consistent spending netted against slight increases in revenues. The largest decline in expenditures occurred in the plant operations of 15 percent due to the anticipation of the OSFC renovation project beginning in 2006.

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 2005 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 18, 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 actual budget basis revenue was \$4,938,845, with an original budget estimate of \$4,946,223. There was only a \$7,378 variance between these two amounts. The variance between the final budget and actual budget basis revenue was only \$29,111.

The School District's ending unobligated cash balance in the General Fund was \$298,489 above the final budgeted amount.

Debt

During the fiscal year, the School District received a \$500,000 facility improvement and equipment replacement loan from the Ohio School Facilities Commission for a period of fifteen years. The loan is a zero-interest loan to assist with construction cost of workforce education facilities.

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

Capital Assets

At the end of fiscal year 2005, the School District had \$3,726,544 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2005 balances compared to 2004:

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

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

	Governmental Activities	
	2005	2004
Land	\$68,701	\$68,701
Construction in Progress	158,785	0
Land Improvements	26,238	28,450
Buildings and Improvements	2,066,148	2,165,890
Furniture and Equipment	1,338,848	1,395,181
Vehicles	67,824	25,450
Totals	\$3,726,544	\$3,683,672

Net Capital Assets increased \$42,872 from the prior year. This was primarily due to construction in progress, furniture and equipment and vehicle purchases, offset by deletions and depreciation for the year.

For more information on Capital Assets, refer to the notes to the basic financial statements (Note 8).

Current Issues

The Southern Hills Joint Vocational School District is very proud of the fact that only one additional operating levy has been needed since the School District began operations in 1975. The School District is currently ranked second poorest among joint vocational school districts in the State. Although the School District is considered low wealth, it provides a quality education for its students, with five vocational programs receiving national accreditation. The School District currently has thirteen vocational programs housed at the Career Center and nine satellite programs at the local schools, with a total student population of over one thousand students served by the School District.

The Southern Hills Joint Vocational School District depends dramatically on the State of Ohio School funding system with around sixty percent of the School District's operating budget supplied by the State. This factor concerns the School District, since the Ohio Supreme Court, in March, 1997, declared the State of Ohio to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable". However, the Court said that the system could be constitutional if the Ohio Legislature would correct some portions of the funding system. As this document goes to print, the State has not complied with the Court order. This uncertainty causes difficulties in planning and developing a sound five-year forecast.

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The current building was constructed in 1975 and is in need of some major repairs and updates. The Ohio Schools Facilities Commission has completed the analysis of the school building and determined the facility qualifies for seven million seven hundred thousand dollars (\$7,700,000) in State assistance in the renovation of the existing building. The School District must provide the additional two million five hundred and sixty nine thousand dollars (\$2,569,000) needed to complete the project and annually contribute the required maintenance allocation determined by the Ohio Schools Facilities Commission to be one hundred and fifty seven thousand five hundred dollars (\$157,500) for a period of twenty-three (23) years. The voters of the Southern Hills Joint Vocational School District passed a one (1) mill permanent improvement levy on February 8, 2005. The levy provides the School District capital to support the local share of the Ohio School Facilities Commission Project and meet the annual maintenance requirement and future equipment needs of the School District.

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 Michael Boyd, Treasurer at Southern Hills Joint Vocational School District, 9193 Hamer Road, Georgetown, Ohio 45121 or e-mail at mike_shc@scoca-k12.org.

Southern Hills Joint Vocational School District

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,841,845
Materials and Supplies Inventory	1,024
Accrued Interest Receivable	42,404
Intergovernmental Receivable	145,598
Prepaid Items	24,943
Property Taxes Receivable	2,096,878
Capital Assets:	
Land and Construction in Progress	227,486
Depreciable Capital Assets, Net	<u>3,499,058</u>
<i>Total Assets</i>	<u>12,879,236</u>
Liabilities	
Accounts Payable	52,334
Accrued Wages and Benefits	396,521
Contracts Payable	63,756
Matured Compensated Absences Payable	23,444
Intergovernmental Payable	62,359
Deferred Revenue	1,729,023
Retainage Payable	4,468
Long-Term Liabilities:	
Due Within One Year	81,775
Due in More Than One Year	<u>647,709</u>
<i>Total Liabilities</i>	<u>3,061,389</u>
Net Assets	
Invested in Capital Assets	3,726,544
Restricted for Capital Outlay	1,712,865
Restricted for Other Purposes	1,237,748
Restricted for Set Asides	20,297
Unrestricted	<u>3,120,393</u>
<i>Total Net Assets</i>	<u><u>\$9,817,847</u></u>

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues		Net(Expense)Revenue and Changes in Net Assets	
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Instruction:				
Regular	\$171,717	\$15,740	\$3,979	(\$151,998)
Vocational	3,132,897	108,911	1,202,187	(1,821,799)
Adult/Continuing	170,921	84,203	47,632	(39,086)
Support Services:				
Pupils	335,928	0	177,318	(158,610)
Instructional Staff	114,298	0	21,481	(92,817)
Board of Education	39,710	0	0	(39,710)
Administration	532,155	51,608	36,052	(444,495)
Fiscal	317,705	0	0	(317,705)
Business	46,887	26,026	0	(20,861)
Operation and Maintenance of Plant	499,742	1,999	1,717	(496,026)
Pupil Transportation	31,143	0	900	(30,243)
Central	50,989	0	20,430	(30,559)
Operation of Non-Instructional Services:				
Food Service Operations	211,106	92,256	36,967	(81,883)
Extracurricular Activities	10,195	0	0	(10,195)
<i>Total Governmental Activities</i>	<u>\$5,665,393</u>	<u>\$380,743</u>	<u>\$1,548,663</u>	<u>(3,735,987)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				1,674,339
Capital Outlay				36,357
Grants and Entitlements not Restricted to Specific Programs				2,225,064
Unrestricted Investment Earnings				172,349
Miscellaneous				8,798
<i>Total General Revenues</i>				<u>4,116,907</u>
Change in Net Assets				380,920
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>				<u>9,436,927</u>
<i>Net Assets End of Year</i>				<u>\$9,817,847</u>

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2005

	General	Permanent Improvement	Vocational Education Equipment	All Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,105,372	\$996,878	\$835,194	\$1,884,104	\$6,821,548
Materials and Supplies Inventory	0	0	0	1,024	1,024
Accrued Interest Receivable	0	40,793	0	1,611	42,404
Interfund Receivable	281,850	0	0	0	281,850
Intergovernmental Receivable	79,881	0	0	65,717	145,598
Prepaid Items	23,743	0	0	1,200	24,943
Property Taxes Receivable	1,827,573	269,305	0	0	2,096,878
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	20,297	0	0	0	20,297
Total Assets	\$5,338,716	\$1,306,976	\$835,194	\$1,953,656	\$9,434,542
Liabilities					
Accounts Payable	\$51,604	\$0	\$0	\$730	\$52,334
Accrued Wages and Benefits	373,999	0	0	22,522	396,521
Contracts Payable	3,935	55,532	0	4,289	63,756
Matured Compensated Absences Payable	23,444	0	0	0	23,444
Retainage Payable	0	4,468	0	0	4,468
Interfund Payable	0	0	0	281,850	281,850
Intergovernmental Payable	58,994	0	0	3,365	62,359
Deferred Revenue	1,542,441	286,702	0	12,211	1,841,354
Total Liabilities	2,054,417	346,702	0	324,967	2,726,086
Fund Balances					
Reserved for Encumbrances	57,356	167,228	7,821	46,493	278,898
Reserved for Property Taxes	261,377	0	0	0	261,377
Reserved for Budget Stabilization	20,297	0	0	0	20,297
Unreserved:					
Undesignated, Reported in:					
General Fund	2,945,269	0	0	0	2,945,269
Special Revenue Funds	0	0	0	1,182,196	1,182,196
Capital Projects Funds	0	793,046	827,373	400,000	2,020,419
Total Fund Balances	3,284,299	960,274	835,194	1,628,689	6,708,456
Total Liabilities and Fund Balances	\$5,338,716	\$1,306,976	\$835,194	\$1,953,656	\$9,434,542

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2005*

Total Governmental Fund Balances \$6,708,456

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

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

Land and Construction in Progress	227,486	
Other capital assets	9,760,674	
Accumulated depreciation	<u>(6,261,616)</u>	
Total capital assets		3,726,544

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 deferred in the funds.

Taxes	82,723	
Intergovernmental	11,524	
Interest	<u>18,084</u>	
		112,331

Compensated absences are not due and payable in the current period and therefore are not reported in the funds. (229,484)

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

Loans	<u>(500,000)</u>	
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Net Assets of Governmental Activities \$9,817,847

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, 2005

	General	Permanent Improvement	Vocational Education Equipment	All Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$1,666,255	\$42,665	\$0	\$0	\$1,708,920
Intergovernmental	3,358,388	8,728	0	395,072	3,762,188
Interest	0	200,169	0	7,848	208,017
Tuition and Fees	15,740	0	0	161,837	177,577
Rent	1,999	0	0	0	1,999
Gifts and Donations	15	0	0	0	15
Customer Sales and Services	0	0	0	201,167	201,167
Miscellaneous	5,754	0	0	3,044	8,798
<i>Total Revenues</i>	<u>5,048,151</u>	<u>251,562</u>	<u>0</u>	<u>768,968</u>	<u>6,068,681</u>
Expenditures					
Current:					
Instruction:					
Regular	162,661	0	0	4,115	166,776
Vocational	2,885,319	0	22,930	178,243	3,086,492
Adult/Continuing	0	0	0	173,658	173,658
Support Services:					
Pupils	164,516	0	0	154,542	319,058
Instructional Staff	78,848	0	0	11,609	90,457
Board of Education	40,507	0	0	0	40,507
Administration	411,523	0	0	117,230	528,753
Fiscal	300,952	10,289	0	0	311,241
Business	19,238	0	0	29,029	48,267
Operation and Maintenance of Plant	469,345	11,529	24,618	1,703	507,195
Pupil Transportation	23,035	0	0	824	23,859
Central	31,857	0	0	16,937	48,794
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	202,055	202,055
Extracurricular Activities	10,195	0	0	0	10,195
Capital Outlay	350	65,923	0	100,000	166,273
<i>Total Expenditures</i>	<u>4,598,346</u>	<u>87,741</u>	<u>47,548</u>	<u>989,945</u>	<u>5,723,580</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>449,805</u>	<u>163,821</u>	<u>(47,548)</u>	<u>(220,977)</u>	<u>345,101</u>
Other Financing Sources and Uses					
Transfers In	0	0	0	190,500	190,500
Proceeds of Loan	0	0	0	500,000	500,000
Proceeds from Sale of Capital Assets	21,815	0	0	0	21,815
Transfers Out	(190,500)	0	0	0	(190,500)
<i>Total Other Financing Sources and Uses</i>	<u>(168,685)</u>	<u>0</u>	<u>0</u>	<u>690,500</u>	<u>521,815</u>
<i>Net Change in Fund Balances</i>	281,120	163,821	(47,548)	469,523	866,916
<i>Fund Balance at Beginning of Year - Restated (See Note 3)</i>	<u>3,003,179</u>	<u>796,453</u>	<u>882,742</u>	<u>1,159,166</u>	<u>5,841,540</u>
<i>Fund Balance at End of Year</i>	<u>\$3,284,299</u>	<u>\$960,274</u>	<u>\$835,194</u>	<u>\$1,628,689</u>	<u>\$6,708,456</u>

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, 2005*

Net Change in Fund Balances - Total Governmental Funds \$866,916

***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 asset additions	461,741	
Depreciation expense	<u>(385,071)</u>	
Excess of capital outlay over depreciation expense		76,670

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 asset account in the statement of net assets and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the statement of activities.

Proceeds from Sale of Capital Assets	(21,815)	
Loss on Disposal of Capital Assets	<u>(11,983)</u>	
		(33,798)

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. Deferred revenues changed by these amounts this year.

Delinquent Property Taxes	1,776	
Intergovernmental	11,524	
Interest	<u>(35,668)</u>	
		(22,368)

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	(24,769)	
Decrease in intergovernmental payable	<u>18,269</u>	
Total additional expenditures		(6,500)

Loan Proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

(500,000)

Change in Net Assets of Governmental Activities \$380,920

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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$1,768,760	\$1,602,818	\$1,638,850	\$36,032
Intergovernmental	3,157,554	3,344,054	3,278,507	(65,547)
Tuition and Fees	7,790	8,250	15,740	7,490
Rent	5,477	5,800	1,999	(3,801)
Gifts and Donations	94	100	15	(85)
Customer Services and Sales	3,022	3,200	0	(3,200)
Miscellaneous	3,526	3,734	3,734	0
<i>Total Revenues</i>	4,946,223	4,967,956	4,938,845	(29,111)
Expenditures:				
Current:				
Instruction:				
Regular	165,132	166,876	161,441	5,435
Vocational	2,884,225	3,072,454	2,906,579	165,875
Support Services:				
Pupils	171,605	167,727	162,886	4,841
Instructional Staff	81,055	86,619	78,230	8,389
Board of Education	57,139	61,509	44,233	17,276
Administration	423,055	425,705	415,761	9,944
Fiscal	328,441	329,135	307,270	21,865
Business	21,256	20,456	19,238	1,218
Operation and Maintenance of Plant	583,860	554,210	485,507	68,703
Pupil Transportation	42,645	45,195	28,331	16,864
Central	40,880	38,952	31,917	7,035
Capital Outlay	5,000	5,000	350	4,650
<i>Total Expenditures</i>	4,804,293	4,973,838	4,641,743	332,095
Excess of Revenues Over (Under) Expenditures	141,930	(5,882)	297,102	302,984
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	21,615	21,815	200
Refund of Prior Year Expenditures	0	2,000	2,020	20
Refund of Prior Year Receipts	(100)	(100)	0	100
Advances In	0	5,000	0	(5,000)
Advances Out	(100,000)	(183,000)	(182,815)	185
Transfers Out	(225,000)	(200,250)	(200,250)	0
<i>Total Other Financing Sources (Uses)</i>	(325,100)	(354,735)	(359,230)	(4,495)
Net Change in Fund Balance	(183,170)	(360,617)	(62,128)	298,489
Fund Balance at Beginning of Year	2,958,704	2,958,704	2,958,704	0
Prior Year Encumbrances Appropriated	120,497	120,497	120,497	0
Fund Balance at End of Year	\$2,896,031	\$2,718,584	\$3,017,073	\$298,489

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$3,920	\$27,545
Liabilities		
Undistributed Monies	0	\$27,545
Net Assets		
Held in Trust for Scholarships	3,920	
<i>Total Net Assets</i>	\$3,920	

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2005

	Private Purpose Trust
	Scholarship
Additions	
Contributions	\$723
Miscellaneous	294
	1,017
Deductions	
Scholarships Awarded	500
	517
<i>Change in Net Assets</i>	<i>517</i>
<i>Net Assets Beginning of Year</i>	<i>3,403</i>
<i>Net Assets End of Year</i>	<i>\$3,920</i>

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, 2005

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 Highland-Clinton-Fayette Educational Service District. The Brown County Educational Service Center makes the final appointment to the Board. The Joint Vocational 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 Bright Local School District in Highland County. The School District serves an area of approximately 634 square miles. It is staffed by 22 non-certificated and 42 certificated teaching personnel and administrative employees providing education to 416 secondary students and 1,422 adult students.

Reporting Entity

The School District is a jointly governed organization, legally separate from other organizations. The Board of Education of the School District is not directly elected. 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.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

(continued)

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

The School District participates in four organizations, two of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity shared risk and insurance purchasing pool. These organizations are the South Central Ohio Computer Association (SCOCA), the Coalition of Rural and Appalachian Schools, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) and the Brown County Schools Benefits Consortium. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The statements usually distinguish between those activities of a school district that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities 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.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District accounts for its activities using two categories of funds: 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 is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Permanent Improvement Capital Projects Fund – This fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, of the Ohio Revised Code.

Vocational Education Equipment Capital Projects Fund – This fund accounts for resources received and expended for the replacement and updating of equipment essential for the instruction of students in job skills.

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

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities reports increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Fund Financial Statements

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide financial statements and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available for advance, grants and interest.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

E. 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" on the financial statements.

During fiscal year 2005, the School District's investments were limited to negotiable and nonnegotiable certificates of deposit, repurchase agreements, State Treasury Asset Reserve of Ohio (STAROhio), Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2005.

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 permanent improvement fund during fiscal year 2005 amounted to \$200,169 which includes \$171,132 assigned from other School District funds. Interest revenue credited to the food service non-major special revenue fund during fiscal year 2005 amounted to \$7,848 which includes \$7,485 assigned from other School District funds.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

F. Interfund Balances

On fund financial statements, receivables and payables resulting from short term interfund loans are reported as "Interfund Receivable" and "Interfund Payable." These amounts are eliminated in the statement of net assets.

G. 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 or enabling legislation. Restricted assets in the General Fund include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

H. 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.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, 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.

J. Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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 year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred 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.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

K. 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 fifteen years of service for all positions.

L. Accrued Liabilities and Long-term Obligations

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

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

Loans are recognized as a liability on the governmental fund financial statements when due.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute for fiscal year 2005. The reserve for budget stabilization represents money required to be set aside by statute to protect against cyclical changes in revenues and expenditures.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, and federal and State grants restricted to expenditures for specified purposes.

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

The government-wide statement of net assets reports \$2,970,910 of restricted net assets, of which \$225,608 are restricted by enabling legislation.

O. Interfund Transactions

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

P. 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.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Process

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

The certificate of estimated resources may be amended during the 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 in the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND CORRECTION OF AN ERROR

A. Change in Accounting Principles

For fiscal year 2005, the School District has implemented *GASB Statement No. 40, "Deposit and Investment Risk Disclosures"*, *GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation"* and *GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Post-Employment Benefit Expenditures/Expenses and Liabilities by Cost Sharing Employers"*.

GASB Statement No. 40 creates new disclosure requirements for deposits and investments related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The implementation of this statement had no effect on the School District's financial statements for fiscal year 2005.

GASB Statement No. 46 clarifies how legal enforceability should be applied for determining restricted net assets. The implementation of this new statement had no effect on the School District's financial statements for fiscal year 2005.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND CORRECTION OF AN ERROR (continued)

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other post-employment benefit (OPEB) plans. The implementation of this bulletin had no effect on the School District's financial statements for fiscal year 2005.

B. Correction of an Error

During fiscal year 2005, it was determined that the School District's fund balances were overstated, due to an error in calculating intergovernmental revenues in the Adult Education non-major special revenue fund. This resulted in the following restatement of the School District's governmental fund balances and net assets at June 30, 2004:

	All Other Governmental Funds
Fund Balance, June 30, 2004 as reported	\$1,171,555
Restatement of Intergovernmental Revenues	(12,389)
Fund Balance, June 30, 2004 as Restated	<u>\$1,159,166</u>
	Governmental Activities
Net Assets, June 30, 2004	\$9,449,316
Restatement of Intergovernmental Revenues	(12,389)
Net Assets, June 30, 2004, as Restated	<u>\$9,436,927</u>

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 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).

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$281,120
Adjustments:	
Revenue Accruals	(107,286)
Expenditure Accruals	65,199
Transfers	(9,750)
Advances	(182,815)
Encumbrances	(108,596)
Budget Basis	<u><u>(\$62,128)</u></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 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, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$1,291,000 of the School District's bank balance of \$2,560,101 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2005, the School District had the following investments, which are in an internal investment pool:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-2	2-3	3-5
STAROhio	\$323,120	\$323,120	\$0	\$0	\$0
Negotiable Certificates of Deposit	1,754,501	1,369,204	385,297	0	0
Federal Home Loan Bank Bonds	2,181,441	99,688	0	99,875	1,981,878
Federal Home Loan Mortgage Corporation Notes	249,025	0	0	0	249,025
Total Investments	<u>\$4,508,087</u>	<u>\$1,792,012</u>	<u>\$385,297</u>	<u>\$99,875</u>	<u>\$2,230,903</u>

Interest Rate Risk

The School District has no investment policy 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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Notes carry ratings of Aaa by Moody's and AAA by Standard and Poors. The negotiable certificates of deposit are in denominations of under \$100,000 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 School District has no investment policy that would further limit its investment choices.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

For an investment, 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 an outside party. The Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. 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. Of the School District's total investments, 48 percent is invested in Federal Home Loan Bank Bonds and 6 percent is invested in Federal Home Loan Mortgage Corporation Notes.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 6 - PROPERTY TAXES (continued)

Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, the June 2005 tangible personal property tax settlement was not received until July 2005.

The School District receives property taxes from Adams, Brown, Clinton and Highland Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current fiscal year operations.

The amount available as an advance at June 30, 2005, was \$261,377 in the General Fund. The amount available as an advance at June 30, 2004, was \$208,043 in the General Fund and \$18,326 in the Permanent Improvement Capital Projects Fund.

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

The assessed values upon which fiscal year 2005 taxes were collected are:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$569,191,220	91.19%	\$584,793,330	91.35%
Public Utility	31,947,030	5.12%	32,767,400	5.12%
Tangible Personal Property	23,034,560	3.69%	22,619,850	3.53%
Total Assessed Value	<u>\$624,172,810</u>	<u>100.00%</u>	<u>\$640,180,580</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$5.80		\$5.40	

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 7 - RECEIVABLES

Receivables at June 30, 2005, consisted of interest, interfund, intergovernmental grants, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivable amounts are expected to be received within one year. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities:	
Homestead and Rollback	\$79,881
Vocational Education Equipment	41,508
Title VI	3,568
Career Development	1,425
Drug Free Schools	1,983
Improving Teacher Quality	3,279
Miscellaneous State Grants	2,430
Adult Education	11,524
Total Intergovernmental Receivables	<u><u>\$145,598</u></u>

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Ending Balance 6/30/2004	Additions	Deletions	Ending Balance 6/30/2005
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$68,701	\$0	\$0	\$68,701
Construction in Progress	0	158,785	0	158,785
Total Capital Assets, Not Being Depreciated	<u>68,701</u>	<u>158,785</u>	<u>0</u>	<u>227,486</u>
Capital Assets Being Depreciated				
Land Improvements	386,170	0	0	386,170
Buildings and Improvements	5,231,086	0	0	5,231,086
Furniture and Equipment	3,851,148	256,113	(204,339)	3,902,922
Vehicles	193,653	46,843	0	240,496
Total Capital Assets, Being Depreciated	<u>9,662,057</u>	<u>302,956</u>	<u>(204,339)</u>	<u>9,760,674</u>
Less Accumulated Depreciation:				
Land Improvements	(357,720)	(2,212)	0	(359,932)
Buildings and Improvements	(3,065,196)	(99,742)	0	(3,164,938)
Furniture and Equipment	(2,455,967)	(278,648)	170,541	(2,564,074)
Vehicles	(168,203)	(4,469)	0	(172,672)
Total Accumulated Depreciation	<u>(6,047,086)</u>	<u>(385,071) *</u>	<u>170,541</u>	<u>(6,261,616)</u>
Total Capital Assets Being Depreciated, Net	<u>3,614,971</u>	<u>(82,115)</u>	<u>(33,798)</u>	<u>3,499,058</u>
Governmental Activities Capital Assets, Net	<u><u>\$3,683,672</u></u>	<u><u>\$76,670</u></u>	<u><u>(\$33,798)</u></u>	<u><u>\$3,726,544</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 8 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$854
Vocational	306,068
Adult/Continuing	1,324
Support Services:	
Pupils	6,497
Instructional Staff	23,910
Board of Education	247
Administration	6,841
Fiscal	3,231
Operation and Maintenance of Plant	16,872
Pupil Transportation	7,290
Central	3,753
Operation of Non-Instruction Services:	
Food Service Operations	8,184
Total Depreciation Expense	<u><u>\$385,071</u></u>

NOTE 9 - RISK MANAGEMENT

A. 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 2005, the School District contracted with Selective Insurance Company for general liability insurance with a \$2,000,000 single occurrence limit and a \$4,000,000 aggregate. Property is protected by the Indiana Insurance Company and holds a \$1,000 deductible with a \$13,759,816 limit. The School District's vehicles are covered by Auto-Owners Insurance under a business policy and hold a \$350 deductible for comprehensive and a \$250 deductible for collision with a \$1,000,000 limit on any accident. School Board errors and omissions coverage is provided by Marsh USA, Inc. and has a \$1,000,000 limit. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 9 - RISK MANAGEMENT (continued)

B. Workers' Compensation

For fiscal year 2005, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. 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 six districts. Medical coverage is provided through Medical Mutual and the 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 operation of the program. Upon termination from the Consortium, for any reason, the terminated member shall assume and be responsible for the payment of any delinquent contributions relating to the medical insurance and all dental claims related to its employees from the date of termination, regardless of the date such claims were incurred.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$80,056, \$60,793, and \$50,503, respectively; 96.29 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003.

B. State Teachers Retirement System of Ohio

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 20, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2004, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2005, 2004, and 2003 were \$292,332, \$283,916, and \$311,169, respectively; 84.99 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$661 made by the School District and \$629 made by the plan members.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 11 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All retirees who participated in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year-ended June 30, 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$22,487 for fiscal year 2005.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004 (the latest information available), the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$63,717.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees 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 year under contract. Sick leave may be accumulated up to a maximum of 235 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 58.75 days for all personnel.

B. Other Employee Benefits

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

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2005 were as follows:

	Amount Outstanding 6/30/04	Additions	Deductions	Amount Outstanding 6/30/05	Amounts Due in One Year
<u>Governmental Activities:</u>					
2005 Facility Improvement and Equipment Replacement					
Loan - 0%	\$0	\$500,000	\$0	\$500,000	\$33,333
Compensated Absences	204,715	76,093	51,324	229,484	48,442
Total Governmental Activities					
Long-Term Obligations	<u>\$204,715</u>	<u>\$576,093</u>	<u>\$51,324</u>	<u>\$729,484</u>	<u>\$81,775</u>

On February 16, 2005, the School District entered into a loan with the Ohio School Facilities Commission 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 2019. The loan will be retired from the Permanent Improvement Fund.

As of June 30, 2005, none of the proceeds of this loan had been spent toward the project.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

Principal requirements to retire the loan outstanding at June 30, 2005 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Equipment Replacement Loan Principal</u>
2006	\$33,334
2007	33,334
2008	33,334
2009	33,334
2010	33,334
2011-2015	166,670
2016-2019	<u>166,660</u>
Total	<u><u>\$500,000</u></u>

Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$57,616,252 with an unvoted debt margin of \$640,181 at June 30, 2005.

NOTE 14 - INTERFUND ACTIVITY

A. Interfund Receivables/Payables

As of June 30, 2005, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Receivable
	<u>General Fund</u>
Payable	
All Other Governmental Funds	<u>\$281,850</u>

The amounts due to the General Fund from All Other Nonmajor Governmental Funds are the result of the School District moving unrestricted balances to support programs and projects accounted for in other funds. The General Fund will be reimbursed when funds become available in the other governmental funds. All amounts are expected to be repaid within one year.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 14 - INTERFUND ACTIVITY (continued)

B. Interfund Transfers

Transfers made during the year ended June 30, 2005 were as follows:

	Transfers From General Fund
Transfers To	
All Other Governmental Funds	<u>\$190,500</u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross, 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 SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$15,941 for services provided during the fiscal year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board is composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District paid \$300 to the Coalition for services provided during the year.

NOTE 16 – INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan

The School District participates in a group rating plan for workers’ compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group insurance purchasing pool.

The GRP’s business and affairs are conducted by a five member Board of Directors. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 17 – PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL

The Brown County Schools Benefits Consortium

The Brown County Schools Benefits Consortium, a public entity risk and insurance purchasing pool, currently operates to provide health 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. The Consortium is governed by a board consisting of each member’s superintendent or designee from each participating school district. Dental coverage is administered through a third party administrator, CoreSource. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with the administering of the Consortium.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

NOTE 17 – PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL

(continued)

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 shall assume and be responsible for the payment of any delinquent contributions relating to the medical insurance and all claims related to dental of its employees from the date of termination, regardless of the date such claims were incurred. To obtain financial information write to Brown County Educational Service Center at 325 West State St., Georgetown, Ohio 45121.

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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 purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2004	(\$420,512)	\$28,208	\$20,297
Current Year Set-aside Replacement	62,345	62,345	0
Qualifying Disbursements	(199,271)	(306,726)	0
Totals	<u>(\$557,438)</u>	<u>(\$216,173)</u>	<u>\$20,297</u>
Set-aside Reserve Balance as of June 30, 2005	<u>\$0</u>	<u>\$0</u>	<u>\$20,297</u>
Required Set-aside Balances Carried Forward to FY 2006	<u>(\$557,438)</u>	<u>\$0</u>	<u>\$20,297</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero for textbooks and capital acquisition, only the amount for the textbooks set-aside may be used to reduce the set-aside requirement of future years. The capital acquisition negative amount is therefore not presented as being carried forward to the next fiscal year.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

B. Litigation

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

NOTE 20 – SUBSEQUENT EVENT

In September 2005, the School District signed an agreement with the Ohio School Facilities Commission for a renovation of and addition to the current facility. The total cost of the project is \$10,274,179.

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

*Southern Hills Joint Vocational School District
Fund Descriptions*

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes. The following are descriptions of the School District's nonmajor Special Revenue Funds:

Nonmajor Special Revenue Funds

LUNCHROOM – To account for the provision of food services for the School District.

UNIFORM SCHOOL SUPPLIES - This fund accounts for the purchase and sale of school supplies as adopted by the board of education for use in the schools of the School District. Revenues derived from such sale is to be used for school purposes or activities in connection with the school.

ROTARY – This fund accounts for fees charged to cover materials and equipment used in internal School District departments and in providing services to outside customers in the community.

ADULT EDUCATION – To account for the 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.

PUBLIC SCHOOL SUPPORT - This fund is used to account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e., sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

RENEWED OPPORTUNITY – This fund is used to account for the 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 - This fund accounts for hardware and software development, or other costs associated with the requirements of the management information system.

ONENET – To account for monies appropriated for Ohio Educational Network connections.

SCHOOLNET PROFESSIONAL DEVELOPMENT – To account for State monies used to provide professional development for teachers.

TECHNICAL PREPARATION GRANT – To account for State monies used to provide career development and supplemental equipment to enhance training and inform students about job opportunities.

MISCELLANEOUS STATE GRANTS - This fund accounts for various monies received from State agencies which are not classified elsewhere. A separate special cost center is used for each grant.

(continued)

*Southern Hills Joint Vocational School District
Fund Descriptions*

Nonmajor Special Revenue Funds (Continued)

VOCATIONAL EDUCATION PLANNING DISTRICT (VEPD) GRANT – To account for federal funding used for career education and intervention services provided to secondary students.

TITLE VI - This fund accounts for federal funds used to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; and programs to enhance personal excellence of students and student achievement.

SAFE AND DRUG FREE SCHOOLS - This fund accounts for federal funds used to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

TELECOMMUNICATIONS ACT GRANT - This fund accounts for grant monies for telecommunications.

REDUCING CLASS SIZE - This fund accounts for federal funds used to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

MISCELLANEOUS FEDERAL GRANTS - This fund accounts for 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 the financing and acquisition or construction of major capital facilities, such as new school buildings, or additions to existing buildings, and for major renovation projects including equipment purchases. The following is a description of the School District's nonmajor Capital Projects Fund:

Nonmajor Capital Projects Fund

OHIO SCHOOL FACILITIES COMMISSION (OSFC) VOCATIONAL RENOVATION PROJECT – This fund is used to account for all intergovernmental monies, debt proceeds and interest received and expended in connection with the contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of new classroom facilities.

Agency

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governmental units, and/or other funds.

STUDENT MANAGED ACTIVITY – To account for student activity programs which have student participation in the activity and have students involved in the management of the program.

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,384,104	\$500,000	\$1,884,104
Materials and Supplies Inventory	1,024	0	1,024
Accrued Interest Receivable	1,611	0	1,611
Intergovernmental Receivable	65,717	0	65,717
Prepaid Items	1,200	0	1,200
<i>Total Assets</i>	<u>\$1,453,656</u>	<u>\$500,000</u>	<u>\$1,953,656</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$730	\$0	\$730
Accrued Wages and Benefits	22,522	0	22,522
Contracts Payable	4,289	0	4,289
Interfund Payable	181,850	100,000	281,850
Intergovernmental Payable	3,365	0	3,365
Deferred Revenue	12,211	0	12,211
<i>Total Liabilities</i>	<u>224,967</u>	<u>100,000</u>	<u>324,967</u>
Fund Balances			
Reserved for Encumbrances	46,493	0	46,493
Undesignated, Reported in:			
Special Revenue Funds	1,182,196	0	1,182,196
Capital Projects Fund	0	400,000	400,000
<i>Total Fund Balances</i>	<u>1,228,689</u>	<u>400,000</u>	<u>1,628,689</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,453,656</u>	<u>\$500,000</u>	<u>\$1,953,656</u>

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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$395,072	\$0	\$395,072
Interest	7,848	0	7,848
Tuition and Fees	161,837	0	161,837
Customer Sales and Services	201,167	0	201,167
Miscellaneous	3,044	0	3,044
<i>Total Revenues</i>	<u>768,968</u>	<u>0</u>	<u>768,968</u>
Expenditures			
Current:			
Instruction:			
Regular	4,115	0	4,115
Vocational	178,243	0	178,243
Adult/Continuing	173,658	0	173,658
Support Services:			
Pupils	154,542	0	154,542
Instructional Staff	11,609	0	11,609
Administration	117,230	0	117,230
Business	29,029	0	29,029
Operation and Maintenance of Plant	1,703	0	1,703
Pupil Transportation	824	0	824
Central	16,937	0	16,937
Operation of Non-Instructional Services:			
Food Service Operations	202,055	0	202,055
Capital Outlay	0	100,000	100,000
<i>Total Expenditures</i>	<u>889,945</u>	<u>100,000</u>	<u>989,945</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(120,977)</u>	<u>(100,000)</u>	<u>(220,977)</u>
Other Financing Sources			
Transfers In	190,500	0	190,500
Proceeds of Loan	0	500,000	500,000
<i>Total Other Financing Sources</i>	<u>190,500</u>	<u>500,000</u>	<u>690,500</u>
<i>Net Change in Fund Balances</i>	69,523	400,000	469,523
<i>Fund Balances at Beginning of Year</i>	<u>1,159,166</u>	<u>0</u>	<u>1,159,166</u>
<i>Fund Balances at End of Year</i>	<u><u>\$1,228,689</u></u>	<u><u>\$400,000</u></u>	<u><u>\$1,628,689</u></u>

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Lunchroom	Uniform School Supplies	Rotary	Adult Education
Assets				
Equity in Pooled Cash and Cash Equivalents	\$316,365	\$104,066	\$63,842	\$628,434
Materials and Supplies Inventory	1,024	0	0	0
Accrued Interest Receivable	1,611	0	0	0
Intergovernmental Receivable	0	0	0	11,524
Prepaid Items	0	0	0	0
<i>Total Assets</i>	<u>\$319,000</u>	<u>\$104,066</u>	<u>\$63,842</u>	<u>\$639,958</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$75	\$590
Accrued Wages and Benefits	15,201	0	0	6,491
Contracts Payable	0	0	0	4,289
Interfund Payable	0	0	6,390	0
Intergovernmental Payable	1,958	0	0	1,269
Deferred Revenue	687	0	0	11,524
<i>Total Liabilities</i>	<u>17,846</u>	<u>0</u>	<u>6,465</u>	<u>24,163</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	10,776
Unreserved, Undesignated	301,154	104,066	57,377	605,019
<i>Total Fund Balances</i>	<u>301,154</u>	<u>104,066</u>	<u>57,377</u>	<u>615,795</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$319,000</u>	<u>\$104,066</u>	<u>\$63,842</u>	<u>\$639,958</u>

Public School Support	Renewed Opportunity	Educational Management Information Systems	SchoolNet Professional Development	Technical Preparation Grant
\$2,169	\$63,045	\$20,752	\$5,573	\$47,611
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$2,169</u>	<u>\$63,045</u>	<u>\$20,752</u>	<u>\$5,573</u>	<u>\$47,611</u>
\$0	\$0	\$0	\$0	\$0
0	830	0	0	0
0	0	0	0	0
0	0	0	0	34,500
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>830</u>	<u>0</u>	<u>0</u>	<u>34,500</u>
0	0	0	0	0
<u>2,169</u>	<u>62,215</u>	<u>20,752</u>	<u>5,573</u>	<u>13,111</u>
<u>2,169</u>	<u>62,215</u>	<u>20,752</u>	<u>5,573</u>	<u>13,111</u>
<u>\$2,169</u>	<u>\$63,045</u>	<u>\$20,752</u>	<u>\$5,573</u>	<u>\$47,611</u>

(continued)

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005
(continued)

	Miscellaneous State Grants	VEPD Grant	Title VI	Safe and Drug Free Schools
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,170	\$111,033	\$5,135	\$795
Materials and Supplies Inventory	0	0	0	0
Accrued Interest Receivable	0	0	0	0
Intergovernmental Receivable	2,430	41,508	3,568	1,983
Prepaid Items	0	1,200	0	0
<i>Total Assets</i>	<u>\$5,600</u>	<u>\$153,741</u>	<u>\$8,703</u>	<u>\$2,778</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$65	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Contracts Payable	0	0	0	0
Interfund Payable	4,600	120,000	7,803	2,778
Intergovernmental Payable	0	138	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>4,600</u>	<u>120,203</u>	<u>7,803</u>	<u>2,778</u>
Fund Balances				
Reserved for Encumbrances	1,000	30,631	224	0
Unreserved, Undesignated	0	2,907	676	0
<i>Total Fund Balances</i>	<u>1,000</u>	<u>33,538</u>	<u>900</u>	<u>0</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,600</u>	<u>\$153,741</u>	<u>\$8,703</u>	<u>\$2,778</u>

Tele-communications Act Grant	Reducing Class Size	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$5,752	\$3,643	\$2,719	\$1,384,104
0	0	0	1,024
0	0	0	1,611
0	4,704	0	65,717
0	0	0	1,200
<u>\$5,752</u>	<u>\$8,347</u>	<u>\$2,719</u>	<u>\$1,453,656</u>
\$0	\$0	\$0	\$730
0	0	0	22,522
0	0	0	4,289
0	3,279	2,500	181,850
0	0	0	3,365
0	0	0	12,211
<u>0</u>	<u>3,279</u>	<u>2,500</u>	<u>224,967</u>
0	3,643	219	46,493
5,752	1,425	0	1,182,196
<u>5,752</u>	<u>5,068</u>	<u>219</u>	<u>1,228,689</u>
<u>\$5,752</u>	<u>\$8,347</u>	<u>\$2,719</u>	<u>\$1,453,656</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, 2005

	Lunchroom	Uniform School Supplies	Rotary	Adult Education
Revenues				
Intergovernmental	\$36,967	\$0	\$0	\$65,302
Interest	7,848	0	0	0
Tuition and Fees	0	26,026	0	135,811
Customer Sales and Services	92,256	0	108,911	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>137,071</u>	<u>26,026</u>	<u>108,911</u>	<u>201,113</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	0
Vocational	0	0	115,431	0
Adult/Continuing	0	0	0	173,658
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	107,471
Business	0	28,660	0	369
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	202,055	0	0	0
<i>Total Expenditures</i>	<u>202,055</u>	<u>28,660</u>	<u>115,431</u>	<u>281,498</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(64,984)	(2,634)	(6,520)	(80,385)
Other Financing Sources				
Transfers In	55,000	0	500	135,000
<i>Net Change in Fund Balances</i>	(9,984)	(2,634)	(6,020)	54,615
<i>Fund Balance at Beginning of Year</i>	<u>311,138</u>	<u>106,700</u>	<u>63,397</u>	<u>561,180</u>
<i>Fund Balance at End of Year</i>	<u><u>\$301,154</u></u>	<u><u>\$104,066</u></u>	<u><u>\$57,377</u></u>	<u><u>\$615,795</u></u>

Public School Support	Renewed Opportunity	Educational Management Information System	OneNet	SchoolNet Professional Development
\$0	\$59,091	\$5,000	\$3,000	\$2,925
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
3,044	0	0	0	0
<u>3,044</u>	<u>59,091</u>	<u>5,000</u>	<u>3,000</u>	<u>2,925</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	47,404	0	0	0
0	0	0	3,000	0
3,197	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	1,961	0	0
0	0	0	0	0
<u>3,197</u>	<u>47,404</u>	<u>1,961</u>	<u>3,000</u>	<u>0</u>
(153)	11,687	3,039	0	2,925
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(153)	11,687	3,039	0	2,925
<u>2,322</u>	<u>50,528</u>	<u>17,713</u>	<u>0</u>	<u>2,648</u>
<u>\$2,169</u>	<u>\$62,215</u>	<u>\$20,752</u>	<u>\$0</u>	<u>\$5,573</u>

(continued)

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, 2005
(continued)

	Technical Preparation Grant	Miscellaneous State Grants	VEPD Grant	Title VI
Revenues				
Intergovernmental	\$27,356	\$4,403	\$171,448	\$3,964
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Customer Sales and Services	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>27,356</u>	<u>4,403</u>	<u>171,448</u>	<u>3,964</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	4,115
Vocational	0	2,700	59,310	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	14,245	0	89,535	0
Instructional Staff	0	0	4,562	0
Administration	0	0	6,562	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	1,703	0	0
Pupil Transportation	0	0	0	0
Central	0	0	14,976	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
<i>Total Expenditures</i>	<u>14,245</u>	<u>4,403</u>	<u>174,945</u>	<u>4,115</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	13,111	0	(3,497)	(151)
Other Financing Sources				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	13,111	0	(3,497)	(151)
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>1,000</u>	<u>37,035</u>	<u>1,051</u>
<i>Fund Balance at End of Year</i>	<u><u>\$13,111</u></u>	<u><u>\$1,000</u></u>	<u><u>\$33,538</u></u>	<u><u>\$900</u></u>

Safe and Drug Free Schools	Tele- communications Act Grant	Reducing Class Size	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$2,203	\$5,345	\$5,068	\$3,000	\$395,072
0	0	0	0	7,848
0	0	0	0	161,837
0	0	0	0	201,167
0	0	0	0	3,044
<u>2,203</u>	<u>5,345</u>	<u>5,068</u>	<u>3,000</u>	<u>768,968</u>
0	0	0	0	4,115
0	0	0	802	178,243
0	0	0	0	173,658
2,203	0	0	1,155	154,542
0	4,047	0	0	11,609
0	0	0	0	117,230
0	0	0	0	29,029
0	0	0	0	1,703
0	0	0	824	824
0	0	0	0	16,937
0	0	0	0	202,055
<u>2,203</u>	<u>4,047</u>	<u>0</u>	<u>2,781</u>	<u>889,945</u>
0	1,298	5,068	219	(120,977)
0	0	0	0	190,500
0	1,298	5,068	219	69,523
0	4,454	0	0	1,159,166
<u>\$0</u>	<u>\$5,752</u>	<u>\$5,068</u>	<u>\$219</u>	<u>\$1,228,689</u>

Southern Hills Joint Vocational School District
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2005

	<u>Balance at</u> <u>6/30/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/05</u>
<u>STUDENT MANAGED ACTIVITY</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$26,434</u>	<u>\$57,005</u>	<u>\$55,894</u>	<u>\$27,545</u>
Liabilities				
Undistributed Monies	<u>\$26,434</u>	<u>\$57,005</u>	<u>\$55,894</u>	<u>\$27,545</u>

Southern Hills Joint Vocational School District

Individual Fund Schedules of Revenues, Expenditures and
Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual

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SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<u>Revenues:</u>				
Property Taxes	\$1,768,760	\$1,602,818	\$1,638,850	\$36,032
Intergovernmental	3,157,554	3,344,054	3,278,507	(65,547)
Tuition and Fees	7,790	8,250	15,740	7,490
Rent	5,477	5,800	1,999	(3,801)
Gifts and Donations	94	100	15	(85)
Customer Sales and Services	3,022	3,200	0	(3,200)
Miscellaneous	3,526	3,734	3,734	0
Total Revenues	4,946,223	4,967,956	4,938,845	(29,111)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	116,736	116,776	115,131	1,645
Fringe Benefits	32,496	32,650	32,042	608
Purchased Services	1,300	1,540	693	847
Materials and Supplies	14,500	15,810	13,575	2,235
Capital Outlay - New	100	100	0	100
Total Regular	165,132	166,876	161,441	5,435
Vocational:				
Salaries and Wages	1,741,263	1,806,204	1,756,580	49,624
Fringe Benefits	565,095	574,819	548,257	26,562
Purchased Services	90,041	107,432	64,558	42,874
Materials and Supplies	222,631	252,126	214,124	38,002
Capital Outlay - New	265,195	331,873	323,060	8,813
Total Vocational	2,884,225	3,072,454	2,906,579	165,875
Total Instruction	3,049,357	3,239,330	3,068,020	171,310
Support Services:				
Pupils:				
Salaries and Wages	121,321	118,635	116,633	2,002
Fringe Benefits	43,274	41,712	41,098	614
Purchased Services	5,710	6,080	4,943	1,137
Materials and Supplies	900	900	212	688
Capital Outlay - New	400	400	0	400
Total Pupils	171,605	167,727	162,886	4,841
Instructional Staff:				
Salaries and Wages	51,661	53,081	50,581	2,500
Fringe Benefits	18,094	18,321	17,860	461
Purchased Services	2,200	4,100	3,483	617
Materials and Supplies	7,600	9,617	6,306	3,311
Capital Outlay - New	1,500	1,500	0	1,500
Total Instructional Staff	\$81,055	\$86,619	\$78,230	\$8,389

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(continued)*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Board of Education:				
Salaries and Wages	\$10,080	\$9,700	\$8,880	\$820
Fringe Benefits	2,909	2,909	1,781	1,128
Purchased Services	23,150	27,900	21,071	6,829
Capital Outlay - New	1,000	1,000	0	1,000
Other	20,000	20,000	12,501	7,499
Total Board of Education	57,139	61,509	44,233	17,276
Administration:				
Salaries and Wages	274,988	269,439	269,435	4
Fringe Benefits	114,112	115,211	112,555	2,656
Purchased Services	10,229	10,229	8,461	1,768
Materials and Supplies	18,176	25,276	23,188	2,088
Capital Outlay - New	5,550	5,550	2,122	3,428
Total Administration	423,055	425,705	415,761	9,944
Fiscal:				
Salaries and Wages	161,749	162,669	162,665	4
Fringe Benefits	63,195	62,669	62,308	361
Purchased Services	8,767	8,767	7,791	976
Materials and Supplies	4,000	4,000	2,392	1,608
Capital Outlay - New	3,000	3,000	173	2,827
Other	87,730	88,030	71,941	16,089
Total Fiscal	328,441	329,135	307,270	21,865
Business:				
Salaries and Wages	18,167	17,367	16,633	734
Fringe Benefits	2,989	2,989	2,605	384
Other	100	100	0	100
Total Business	21,256	20,456	19,238	1,218
Operation and Maintenance of Plant:				
Salaries and Wages	135,700	139,200	131,029	8,171
Fringe Benefits	58,284	60,428	58,220	2,208
Purchased Services	282,070	252,876	214,530	38,346
Materials and Supplies	92,806	86,706	75,303	11,403
Capital Outlay - New	10,000	10,000	6,425	3,575
Capital Outlay - Replacement	5,000	5,000	0	5,000
Total Operation and Maintenance of Plant	583,860	554,210	485,507	68,703
Pupil Transportation:				
Salaries and Wages	7,250	7,250	6,493	757
Fringe Benefits	1,196	2,346	2,276	70
Purchased Services	14,500	15,900	12,438	3,462
Materials and Supplies	9,699	9,699	6,781	2,918
Capital Outlay - New	10,000	10,000	343	9,657
Total Pupil Transportation	\$42,645	\$45,195	\$28,331	\$16,864

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2005
(continued)*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Central:				
Salaries and Wages	\$6,000	\$0	\$0	\$0
Fringe Benefits	988	60	0	60
Purchased Services	31,892	32,392	26,581	5,811
Materials and Supplies	2,000	6,500	5,336	1,164
Total Central	40,880	38,952	31,917	7,035
Total Support Services	1,749,936	1,729,508	1,573,373	156,135
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	5,000	5,000	350	4,650
Total Expenditures	4,804,293	4,973,838	4,641,743	332,095
Excess of Revenues Over (Under) Expenditures	141,930	(5,882)	297,102	302,984
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Capital Assets	0	21,615	21,815	200
Refund of Prior Year Expenditures	0	2,000	2,020	20
Refund of Prior Year Receipts	(100)	(100)	0	100
Advances In	0	5,000	0	(5,000)
Advances Out	(100,000)	(183,000)	(182,815)	185
Transfers Out	(225,000)	(200,250)	(200,250)	0
Total Other Financing Sources (Uses)	(325,100)	(354,735)	(359,230)	(4,495)
Net Change in Fund Balance	(183,170)	(360,617)	(62,128)	298,489
Fund Balance at Beginning of Year	2,958,704	2,958,704	2,958,704	0
Prior Year Encumbrances Appropriated	120,497	120,497	120,497	0
Fund Balance at End of Year	\$2,896,031	\$2,718,584	\$3,017,073	\$298,489

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<u>Revenues:</u>				
Property Taxes	\$151,800	\$64,671	\$64,671	\$0
Intergovernmental	4,745	8,638	8,728	90
Interest	100,255	182,500	190,725	8,225
Total Revenues	\$256,800	\$255,809	\$264,124	\$8,315
<u>Expenditures:</u>				
Current:				
Vocational:				
Capital Outlay - New	150,000	0	0	0
Support Services:				
Fiscal:				
Other	6,100	29,600	10,289	19,311
Operation and Maintenance of Plant:				
Purchased Services	80,104	87,304	24,200	63,104
Capital Outlay - Replacement	75,860	860	89	771
Total Operation and Maintenance of Plant	155,964	88,164	24,289	63,875
Total Support Services	162,064	117,764	34,578	83,186
Capital Outlay:				
Site Improvement Services:				
Purchased Services	0	550	32	518
Capital Outlay - New	20,000	20,000	0	20,000
Capital Outlay - Replacement	46,075	241,325	215,891	25,434
Total Site Improvement Services	66,075	261,875	215,923	45,952
Other Facilities Acquisition and Construction Services:				
Capital Outlay - New	15,000	15,000	0	15,000
Capital Outlay - Replacement	15,000	15,000	0	15,000
Total Other Facilities Acquisition and Construction Services	30,000	30,000	0	30,000
Total Capital Outlay	96,075	291,875	215,923	75,952
Total Expenditures	408,139	409,639	250,501	159,138
Net Change in Fund Balance	(151,339)	(153,830)	13,623	167,453
Fund Balance at Beginning of Year	782,324	782,324	782,324	0
Prior Year Encumbrances Appropriated	7,039	7,039	7,039	0
Fund Balance at End of Year	\$638,024	\$635,533	\$802,986	\$167,453

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Vocational Education Equipment
For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	5,000	5,000	0	5,000
Vocational:				
Capital Outlay - New	250,000	249,000	30,026	218,974
Adult/Continuing:				
Capital Outlay - New	20,000	20,000	0	20,000
Total Instruction	275,000	274,000	30,026	243,974
Support Services:				
Fiscal:				
Other	500	500	0	500
Operation and Maintenance of Plant:				
Capital Outlay - New	45,000	46,000	25,343	20,657
Total Support Services	45,500	46,500	25,343	21,157
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	75,000	75,000	0	75,000
<i>Total Expenditures</i>	395,500	395,500	55,369	340,131
Net Change in Fund Balance	(395,500)	(395,500)	(55,369)	340,131
Fund Balance at Beginning of Year	882,742	882,742	882,742	0
Fund Balance at End of Year	\$487,242	\$487,242	\$827,373	\$340,131

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes

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

Lunchroom

For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	46,496	\$33,725	\$37,540	\$3,815
Interest	8,962	6,500	7,474	974
Customer Sales and Services	115,442	83,733	92,256	8,523
<i>Total Revenues</i>	<u>170,900</u>	<u>123,958</u>	<u>137,270</u>	<u>13,312</u>
<u>Expenditures:</u>				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	68,850	71,650	71,440	210
Fringe Benefits	50,607	53,878	53,442	436
Purchased Services	850	850	25	825
Materials and Supplies	73,000	86,329	68,487	17,842
Capital Outlay - New	3,500	3,500	1,273	2,227
Other	0	50	6	44
<i>Total Expenditures</i>	<u>196,807</u>	<u>216,257</u>	<u>194,673</u>	<u>21,584</u>
Excess of Revenues Over (Under) Expenditures	(25,907)	(92,299)	(57,403)	34,896
<u>Other Financing Sources:</u>				
Transfers In	0	55,000	55,000	0
Net Change in Fund Balance	(25,907)	(37,299)	(2,403)	34,896
Fund Balance at Beginning of Year	<u>319,907</u>	<u>319,907</u>	<u>319,907</u>	<u>0</u>
Fund Balance at End of Year	<u>\$294,000</u>	<u>\$282,608</u>	<u>\$317,504</u>	<u>\$34,896</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes

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

Uniform School Supplies

For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
				Positive
				(Negative)
<u>Revenues:</u>				
Tuition and Fees	\$23,110	\$25,965	\$26,026	\$61
<u>Expenditures:</u>				
Current:				
Support Services:				
Business:				
Materials and Supplies	41,000	43,150	28,751	14,399
Other	200	200	9	191
<i>Total Expenditures</i>	<u>41,200</u>	<u>43,350</u>	<u>28,760</u>	<u>14,590</u>
Net Change in Fund Balance	(18,090)	(17,385)	(2,734)	14,651
Fund Balance at Beginning of Year	<u>106,799</u>	<u>106,799</u>	<u>106,799</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$88,709</u></u>	<u><u>\$89,414</u></u>	<u><u>\$104,065</u></u>	<u><u>\$14,651</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Rotary
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Customer Sales and Services	\$81,523	\$101,101	\$103,605	\$2,504
Miscellaneous	4,112	5,100	5,306	206
<i>Total Revenues</i>	<u>85,635</u>	<u>106,201</u>	<u>108,911</u>	<u>2,710</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Vocational:				
Fringe Benefits	0	3,789	3,789	0
Purchased Services	1,000	700	526	174
Materials and Supplies	73,471	128,156	110,943	17,213
<i>Total Expenditures</i>	<u>74,471</u>	<u>132,645</u>	<u>115,258</u>	<u>17,387</u>
Excess of Revenues Over (Under) Expenditures	<u>11,164</u>	<u>(26,444)</u>	<u>(6,347)</u>	<u>20,097</u>
<u>Other Financing Sources (Uses):</u>				
Advances In	0	5,040	5,040	0
Transfers In	0	500	500	0
Transfers Out	(20,000)	(5,270)	0	5,270
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>270</u>	<u>5,540</u>	<u>5,270</u>
Net Change in Fund Balance	(8,836)	(26,174)	(807)	25,367
Fund Balance at Beginning of Year	57,671	57,671	57,671	0
Prior Year Encumbrances Appropriated	6,980	6,980	6,980	0
Fund Balance at End of Year	<u>\$55,815</u>	<u>\$38,477</u>	<u>\$63,844</u>	<u>\$25,367</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	\$138,607	\$78,250	\$77,663	(\$587)
Tuition and Fees	212,393	119,906	135,811	15,905
<i>Total Revenues</i>	<u>351,000</u>	<u>198,156</u>	<u>213,474</u>	<u>15,318</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Adult/Continuing:				
Salaries and Wages	149,200	149,200	106,680	42,520
Fringe Benefits	25,651	26,551	19,100	7,451
Purchased Services	31,128	48,128	32,155	15,973
Materials and Supplies	41,291	41,291	28,085	13,206
Capital Outlay - New	7,500	8,500	4,295	4,205
Total Instruction	<u>254,770</u>	<u>273,670</u>	<u>190,315</u>	<u>83,355</u>
Support Services:				
Administration:				
Salaries and Wages	69,250	69,250	68,169	1,081
Fringe Benefits	46,982	51,362	39,128	12,234
Purchased Services	100	100	0	100
Materials and Supplies	1,000	950	174	776
Capital Outlay - New	1,000	1,000	0	1,000
Total Administration	<u>118,332</u>	<u>122,662</u>	<u>107,471</u>	<u>15,191</u>
Business:				
Other	<u>500</u>	<u>500</u>	<u>369</u>	<u>131</u>
Total Support Services	<u>118,832</u>	<u>123,162</u>	<u>107,840</u>	<u>15,322</u>
<i>Total Expenditures</i>	<u>373,602</u>	<u>396,832</u>	<u>298,155</u>	<u>98,677</u>
Excess of Revenues Over (Under) Expenditures	(22,602)	(198,676)	(84,681)	113,995
<u>Other Financing Sources:</u>				
Transfers In	<u>0</u>	<u>105,000</u>	<u>135,000</u>	<u>30,000</u>
Net Change in Fund Balance	(22,602)	(93,676)	50,319	143,995
Fund Balance at Beginning of Year	560,692	560,692	560,692	0
Prior Year Encumbrances Appropriated	<u>2,420</u>	<u>2,420</u>	<u>2,420</u>	<u>0</u>
Fund Balance at End of Year	<u>\$540,510</u>	<u>\$469,436</u>	<u>\$613,431</u>	<u>\$143,995</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<u>Revenues:</u>				
Miscellaneous	\$3,300	\$3,044	\$3,044	\$0
<u>Expenditures:</u>				
Current:				
Support Services:				
Administration:				
Materials and Supplies	<u>3,425</u>	<u>4,205</u>	<u>3,197</u>	<u>1,008</u>
Net Change in Fund Balance	(125)	(1,161)	(153)	1,008
Fund Balance at Beginning of Year	2,197	2,197	2,197	0
Prior Year Encumbrances Appropriated	<u>125</u>	<u>125</u>	<u>125</u>	<u>0</u>
Fund Balance at End of Year	<u>\$2,197</u>	<u>\$1,161</u>	<u>\$2,169</u>	<u>\$1,008</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes

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

Renewed Opportunity

For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
<u>Revenues:</u>				
Intergovernmental	\$43,112	\$43,591	\$43,591	\$0
Customer Sales and Services	15,330	15,500	15,500	0
<i>Total Revenues</i>	<u>58,442</u>	<u>59,091</u>	<u>59,091</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	20,500	23,403	18,967	4,436
Fringe Benefits	2,598	13,061	7,584	5,477
Purchased Services	15,370	32,421	20,098	12,323
Materials and Supplies	1,500	1,500	0	1,500
Other	300	300	0	300
<i>Total Expenditures</i>	<u>40,268</u>	<u>70,685</u>	<u>46,649</u>	<u>24,036</u>
Net Change in Fund Balance	18,174	(11,594)	12,442	24,036
Fund Balance at Beginning of Year	<u>50,607</u>	<u>50,607</u>	<u>50,607</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$68,781</u></u>	<u><u>\$39,013</u></u>	<u><u>\$63,049</u></u>	<u><u>\$24,036</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes

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

Educational Management Information Systems

For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
<u>Revenues:</u>				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
<u>Expenditures:</u>				
Current:				
Support Services:				
Central:				
Purchased Services	8,500	8,500	410	8,090
Materials and Supplies	500	500	0	500
Capital Outlay - New	5,000	5,000	1,551	3,449
<i>Total Expenditures</i>	<u>14,000</u>	<u>14,000</u>	<u>1,961</u>	<u>12,039</u>
Net Change in Fund Balance	(9,000)	(9,000)	3,039	12,039
Fund Balance at Beginning of Year	<u>17,714</u>	<u>17,714</u>	<u>17,714</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$8,714</u></u>	<u><u>\$8,714</u></u>	<u><u>\$20,753</u></u>	<u><u>\$12,039</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes

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

OneNet

For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$3,000	\$3,000	\$3,000	\$0
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<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>	<u><u>\$0</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
SchoolNet Professional Development
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	\$2,925	\$2,925	\$2,925	\$0
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	108	108	108	0
Net Change in Fund Balance	2,817	2,817	2,817	0
Fund Balance at Beginning of Year	2,648	2,648	2,648	0
Prior Year Encumbrances Appropriated	108	108	108	0
Fund Balance at End of Year	<u>\$5,573</u>	<u>\$5,573</u>	<u>\$5,573</u>	<u>\$0</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Technical Preparation Grant
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$34,536	\$28,781	\$27,356	(\$1,425)
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	12,340	12,340	12,340	0
Fringe Benefits	1,905	1,905	1,905	0
<i>Total Expenditures</i>	14,245	14,245	14,245	0
Excess of Revenues Over (Under) Expenditures	20,291	14,536	13,111	(1,425)
<u>Other Financing Sources:</u>				
Advances In	0	12,070	13,500	1,430
Net Change in Fund Balance	20,291	26,606	26,611	5
Fund Balance at Beginning of Year	21,000	21,000	21,000	0
Fund Balance at End of Year	\$41,291	\$47,606	\$47,611	\$5

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous State Grants
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	\$9,003	\$6,503	\$4,073	(\$2,430)
<u>Expenditures:</u>				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	2,338	2,338	2,338	0
Fringe Benefits	362	362	362	0
Total Instruction	2,700	2,700	2,700	0
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	2,703	2,703	2,703	0
<i>Total Expenditures</i>	<u>5,403</u>	<u>5,403</u>	<u>5,403</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	3,600	1,100	(1,330)	(2,430)
<u>Other Financing Sources:</u>				
Advances In	0	70	2,500	2,430
Net Change in Fund Balance	3,600	1,170	1,170	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	1,000	1,000	1,000	0
Fund Balance at End of Year	<u>\$4,600</u>	<u>\$2,170</u>	<u>\$2,170</u>	<u>\$0</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
VEPD Grant
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$232,002	\$198,715	\$157,338	(\$41,377)
<u>Expenditures:</u>				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	41,171	41,171	41,171	0
Fringe Benefits	14,120	14,121	14,121	0
Purchased Services	4,046	4,046	4,046	0
Materials and Supplies	1,443	1,443	1,438	5
Total Instruction	<u>60,780</u>	<u>60,781</u>	<u>60,776</u>	<u>5</u>
Support Services:				
Pupils:				
Salaries and Wages	66,064	66,064	66,064	0
Fringe Benefits	23,000	23,000	23,000	0
Purchased Services	13,886	13,886	13,886	0
Materials and Supplies	9,515	9,515	9,515	0
Total Pupils	<u>112,465</u>	<u>112,465</u>	<u>112,465</u>	<u>0</u>
Instructional Staff:				
Purchased Services	4,814	4,814	4,814	0
Materials and Supplies	1,137	1,137	202	935
Total Instructional Staff	<u>5,951</u>	<u>5,951</u>	<u>5,016</u>	<u>935</u>
Administration:				
Salaries and Wages	10,000	10,000	10,000	0
Fringe Benefits	1,547	1,547	1,547	0
Materials and Supplies	1,415	1,415	1,415	0
Total Administration	<u>12,962</u>	<u>12,962</u>	<u>12,962</u>	<u>0</u>
Central:				
Purchased Services	9,133	9,133	8,094	1,039
Materials and Supplies	7,351	7,351	7,326	25
Total Central	<u>16,484</u>	<u>16,484</u>	<u>15,420</u>	<u>1,064</u>
Total Support Services	<u>147,862</u>	<u>147,862</u>	<u>145,863</u>	<u>1,999</u>
Total Expenditures	<u>208,642</u>	<u>208,643</u>	<u>206,639</u>	<u>2,004</u>
Excess of Revenues Over (Under) Expenditures	23,360	(9,928)	(49,301)	(39,373)
<u>Other Financing Sources:</u>				
Advances In	0	8,700	50,000	41,300
Net Change in Fund Balance	23,360	(1,228)	699	1,927
Fund Balance at Beginning of Year	42,600	42,600	42,600	0
Prior Year Encumbrances Appropriated	<u>37,053</u>	<u>37,053</u>	<u>37,053</u>	<u>0</u>
Fund Balance at End of Year	<u>\$103,013</u>	<u>\$78,425</u>	<u>\$80,352</u>	<u>\$1,927</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$8,201	\$8,200	\$4,631	(\$3,569)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	<u>5,016</u>	<u>5,016</u>	<u>4,339</u>	<u>677</u>
Excess of Revenues Over (Under) Expenditures	3,185	3,184	292	(2,892)
<u>Other Financing Sources:</u>				
Advances In	<u>0</u>	<u>0</u>	<u>3,568</u>	<u>3,568</u>
Net Change in Fund Balance	3,185	3,184	3,860	676
Prior Year Encumbrances Appropriated	<u>1,051</u>	<u>1,051</u>	<u>1,051</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$4,236</u></u>	<u><u>\$4,235</u></u>	<u><u>\$4,911</u></u>	<u><u>\$676</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Safe and Drug Free Schools
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$2,998	\$2,998	\$1,015	(\$1,983)
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils:				
Purchased Services	2,203	2,203	2,203	0
Excess of Revenues Over (Under) Expenditures	795	795	(1,188)	(1,983)
<u>Other Financing Sources:</u>				
Advances In	0	0	1,983	1,983
Net Change in Fund Balance	795	795	795	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$795</u>	<u>\$795</u>	<u>\$795</u>	<u>\$0</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes

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

Telecommunications Act Grant

For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$0	\$0	\$5,345	\$5,345
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>4,047</u>	<u>4,047</u>	<u>4,047</u>	<u>0</u>
Net Change in Fund Balance	(4,047)	(4,047)	1,298	5,345
Fund Balance at Beginning of Year	<u>4,454</u>	<u>4,454</u>	<u>4,454</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$407</u></u>	<u><u>\$407</u></u>	<u><u>\$5,752</u></u>	<u><u>\$5,345</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Reducing Class Size
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$3,643	\$3,643	\$364	(\$3,279)
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	3,643	3,643	3,643	0
Excess of Revenues Over (Under) Expenditures	0	0	(3,279)	(3,279)
<u>Other Financing Sources:</u>				
Advances In	0	0	3,279	3,279
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Federal Grants
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$5,700	\$3,000	\$3,000	\$0
<u>Expenditures:</u>				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	679	679	679	0
Fringe Benefits	123	123	123	0
Total Instruction	802	802	802	0
Support Services:				
Pupils:				
Salaries and Wages	1,000	1,000	1,000	0
Fringe Benefits	155	155	155	0
Materials and Supplies	219	219	219	0
Total Pupils	1,374	1,374	1,374	0
Pupil Transportation:				
Purchased Services	824	824	824	0
Total Support Services	2,198	2,198	2,198	0
<i>Total Expenditures</i>	3,000	3,000	3,000	0
Excess of Revenues Over Expenditures	2,700	0	0	0
<u>Other Financing Sources:</u>				
Advances In	0	2,500	2,500	0
Net Change in Fund Balance	2,700	2,500	2,500	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$2,700</u>	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$0</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OSFC Vocational Renovation Project
For the Fiscal Year Ended June 30, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
Capital Outlay:				
Site Improvement Services:				
Purchased Services	1,215	1,215	1,215	0
Architecture and Engineering Services:				
Purchased Services	98,785	98,785	98,785	0
<i>Total Expenditures</i>	100,000	100,000	100,000	0
Excess of Revenues Under Expenditures	(100,000)	(100,000)	(100,000)	0
<u>Other Financing Sources:</u>				
Proceeds of Loans	500,000	500,000	500,000	0
Advances In	0	100,000	100,000	0
<i>Total Other Financing Sources</i>	500,000	600,000	600,000	0
Net Change in Fund Balance	400,000	500,000	500,000	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$400,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$0</u>

STATISTICAL SECTION

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the School District.

TABLE 1

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Government-wide Expenses by Function

Last Four Fiscal Years

Fiscal Year (1)	2002	2003	2004	2005
Current:				
Instruction:				
Regular	\$136,871	\$143,681	\$140,266	\$171,717
Vocational	2,774,383	2,947,334	3,090,159	3,132,897
Adult/Continuing	3,972	0	202,395	170,921
Support Services:				
Pupils	295,848	310,476	330,181	335,928
Instructional Staff	99,619	122,202	114,036	114,298
Board of Education	29,791	30,652	36,002	39,710
Administration	346,171	374,406	505,658	532,155
Fiscal	271,754	295,554	311,520	317,705
Business	17,169	16,112	38,876	46,887
Operation and Maintenance of Plant	454,708	492,466	598,992	499,742
Pupil Transportation	39,140	41,998	31,712	31,143
Central	61,885	49,797	51,418	50,989
Operation of Non-Instructional Services:				
Food Service Operations	168,600	187,682	176,821	211,106
Other	6,417	3,080	0	0
Extracurricular Activities	4,770	17,761	7,373	10,195
Total	<u>\$4,711,098</u>	<u>\$5,033,201</u>	<u>\$5,635,409</u>	<u>\$5,665,393</u>

Source: Southern Hills Joint Vocational School District records.

- (1) Fiscal year 2002 is the first year the School District has prepared full accrual statements. The School District reported its Adult Education and Uniform School Supplies funds as enterprise funds through 2003. In 2004, these funds were reclassified and reported as special revenue funds.

TABLE 2

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Government-wide Revenues by Source (1)

Last Four Fiscal Years (2)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Program Revenues:				
Charges for Services and Sales	\$146,849	\$101,579	\$436,610	\$380,743
Operating Grants and Contributions	1,324,381	1,367,599	1,520,877	1,548,663
Capital Grants and Contributions	25,683	3,443	0	0
General Revenues:				
Property Taxes	1,759,843	1,734,496	1,714,066	1,710,696
Intergovernmental	2,238,274	2,293,052	2,168,298	2,225,064
Unrestricted Investment Earnings	278,652	166,663	65,418	172,349
Miscellaneous	34,419	14,936	17,488	8,798
Total	<u>\$5,808,101</u>	<u>\$5,681,768</u>	<u>\$5,922,757</u>	<u>\$6,046,313</u>

Source: Southern Hills Joint Vocational School District

- (1) Includes all governmental activities on a full accrual basis.
- (2) Fiscal year 2002 is the first year the School District has prepared full accrual statements. The School District reported its Adult Education and Uniform School Supplies funds as enterprise funds through 2003. In 2004, these funds were reclassified and reported as special revenue funds.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 General Government Expenditures by Function (1)
 Last Ten Fiscal Years

Fiscal Year (2)	1996	1997	1998	1999	2000
Current:					
Instruction:					
Regular	\$344,879	\$344,811	\$390,001	\$460,834	\$95,941
Special	0	14	0	0	0
Vocational	1,610,885	1,708,822	1,793,689	1,894,419	2,488,490
Adult/Continuing	36,350	45,857	43,775	39,752	10,096
Support Services:					
Pupils	232,867	213,445	261,934	297,388	296,510
Instructional Staff	49,887	53,989	95,094	132,647	106,866
Board of Education	18,142	21,080	35,682	16,553	34,902
Administration	249,075	265,677	281,048	272,363	293,646
Fiscal	175,610	194,328	206,512	207,956	235,771
Business	1,377	485	0	0	5,345
Operation and Maintenance of Plant	384,446	381,003	381,607	408,887	418,922
Pupil Transportation	14,491	9,621	10,009	15,341	13,419
Central	32,954	29,614	30,828	34,439	46,680
Operation of Non-Instructional Services - Food Services	0	0	0	0	0
Operation of Non-Instructional Services - Other	1,279	2,208	1,393	4,095	3,641
Extracurricular Activities	6,887	1,015	4,974	9,882	5,097
Capital Outlay	107,619	399,117	338,936	145,431	400,714
Debt Service	0	5,755	62,263	211,468	0
Totals	<u>\$3,266,748</u>	<u>\$3,676,841</u>	<u>\$3,937,745</u>	<u>\$4,151,455</u>	<u>\$4,456,040</u>

Source: Southern Hills Joint Vocational School District records.

- (1) Includes general, special revenue, capital projects and debt service funds.
- (2) The School District reported its Adult Education and Uniform School Supplies funds as enterprise funds through 2003. In 2004, these funds were reclassified and reported as special revenue funds.

TABLE 3

2001	2002	2003	2004	2005
\$130,186	\$129,328	\$137,486	\$149,831	\$166,776
0	0	0	0	0
2,589,944	2,850,609	2,942,906	3,021,586	3,086,492
0	3,972	0	201,619	173,658
275,352	287,579	304,975	334,182	319,058
230,010	70,712	95,701	88,894	90,457
17,084	34,181	30,306	35,096	40,507
298,913	337,477	363,712	492,296	528,753
259,869	263,243	290,034	303,079	311,241
14,567	17,115	16,059	37,603	48,267
451,355	438,390	470,382	555,178	507,195
14,063	42,587	24,804	29,049	23,859
67,860	57,725	45,637	47,305	48,794
0	160,119	178,477	173,732	202,055
4,158	6,417	3,080	0	0
7,045	4,770	17,761	7,373	10,195
378,933	25,034	28,295	40,693	166,273
0	0	0	0	0
<u>\$4,739,339</u>	<u>\$4,729,258</u>	<u>\$4,949,615</u>	<u>\$5,517,516</u>	<u>\$5,723,580</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 General Government Revenues by Source (1)
 Last Ten Fiscal Years

Fiscal Year (2)	1996	1997	1998	1999	2000
Property Taxes	\$1,578,464	\$1,483,405	\$1,635,772	\$1,708,135	\$1,729,118
Intergovernmental	1,861,275	2,029,007	2,230,133	2,395,498	2,701,997
Interest	151,836	157,853	177,206	190,354	200,808
Tuition and Fees	10,694	6,635	7,097	4,490	4,140
Rent	9,733	6,232	702	4,531	7,246
Extracurricular Activities	0	60	0	0	30,000
Gifts and Donations	300	7,038	0	7,560	1,250
Customer Sales and Services	8,052	50,333	56,261	62,321	26,542
Miscellaneous	10,030	558	55,404	5,639	4,379
Totals	<u>\$3,630,384</u>	<u>\$3,741,121</u>	<u>\$4,162,575</u>	<u>\$4,378,528</u>	<u>\$4,705,480</u>

Source: Southern Hills Joint Vocational School District records.

- (1) Includes general, special revenue, capital projects and debt service funds.
- (2) The School District reported its Adult Education and Uniform School Supplies funds as enterprise funds through 2003. In 2004, these funds were reclassified and reported as special revenue funds.

TABLE 4

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$1,722,748	\$1,779,860	\$1,669,712	\$1,760,329	\$1,708,920
2,912,948	3,585,173	3,616,761	3,734,328	3,762,188
169,909	229,537	175,847	50,080	208,017
5,825	12,673	11,990	241,994	177,577
2,772	7,549	4,972	5,649	1,999
0	0	0	655	0
39,420	0	5,095	32	15
8,491	126,627	89,589	185,269	201,167
<u>62,688</u>	<u>34,419</u>	<u>48,551</u>	<u>20,531</u>	<u>8,798</u>
<u>\$4,924,801</u>	<u>\$5,775,838</u>	<u>\$5,622,517</u>	<u>\$5,998,867</u>	<u>\$6,068,681</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
Property Tax Levies and Collections - Real and Public Utility Property
Last Ten Collection (Calendar) Years

<u>Collection Year</u>	<u>Tax Levied (1)</u>	<u>Current Tax Collection (2)</u>	<u>Percent Collected</u>	<u>Delinquent Collection</u>
1996	\$3,128,083	\$2,308,787	73.81%	\$200,764
1997	3,256,946	2,333,614	71.65	202,923
1998	3,380,729	2,405,642	71.16	209,186
1999	3,495,612	2,441,723	69.85	127,677
2000	3,873,633	2,788,433	71.98	208,909
2001	3,874,436	3,051,964	78.77	142,151
2002	2,948,066	2,695,731	91.44	259,864
2003	3,924,294	2,351,992	59.93	147,150
2004	4,193,107	4,142,408	98.79	95,804
2005	N/A	N/A	N/A	N/A

Source: Brown County Auditor.

- (1) Taxes levied and collected are presented on a cash basis because that is the manner that information is maintained by the County Auditor.
- (2) State reimbursements of rollback and homestead exemptions are not included.
- (3) Penalties and interest are included since, by Ohio law, they become part of the tax obligation as assessment occurs.

N/A The Brown County Auditor was not yet able to provide information for 2005.

TABLE 5

<u>Total Tax Collections</u>	<u>Percent Of Total Collections To Levy</u>	<u>Outstanding Delinquent Taxes (3)</u>	<u>Percent of Outstanding Delinquent Taxes To Tax Levied</u>
\$2,509,551	80.23%	\$105,293	3.37%
2,536,537	77.88	104,694	3.21
2,614,828	77.35	131,283	3.88
2,569,400	73.50	149,704	4.28
2,997,342	77.38	116,663	3.01
3,194,115	82.44	145,605	3.76
2,955,595	100.25	171,842	5.83
2,499,142	63.68	231,375	5.90
4,238,212	101.08	211,268	5.04
N/A	N/A	N/A	N/A

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 Assessed Valuation and Estimated Actual Values of Taxable Property
 Last Ten Collection (Calendar) Years

Collection Year	Real Property (1)		Tangible Personal Property(2)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1996	\$296,042,710	\$845,836,314	\$18,892,336	\$75,569,344
1997	309,494,540	884,270,114	21,811,403	87,245,612
1998	362,868,340	1,036,766,686	23,068,119	92,272,476
1999	374,180,170	1,069,086,200	21,701,919	86,807,676
2000	390,197,860	1,114,851,029	24,627,013	98,508,052
2001	472,256,490	1,349,304,257	24,214,909	96,859,636
2002	485,449,760	1,386,999,314	28,064,773	112,259,092
2003	502,756,180	1,436,446,229	26,271,170	105,084,680
2004	569,191,220	1,626,260,629	23,034,560	92,138,240
2005	584,793,330	1,670,838,086	22,619,850	90,479,400

Source: Brown County Auditor.

- (1) Real property values include public utility real property.
- (2) Tangible personal property valuation figures do not include \$10,000 exemption deduction amounts.
- (3) Assessed valuation for real property is based upon 35% of estimated true value set by county appraisal, and tangible personal property is valued at 25% of true value of capital assets and 23% of listed value for inventory. Public utility real property is assessed at 35% of true value and public utility tangible personal property is currently assessed at varying percentages of true value.

TABLE 6

Public Utility Personal		Total		Ratio (2)
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$56,138,490	\$160,395,686	\$371,073,536	\$1,081,801,344	34.30%
56,795,840	162,273,829	388,101,783	1,133,789,555	34.23
56,024,010	160,068,600	441,960,469	1,289,107,762	34.28
57,345,120	163,843,200	453,227,209	1,319,737,076	34.34
53,749,040	153,568,686	468,573,913	1,366,927,766	34.28
53,776,290	153,646,543	550,247,689	1,599,810,436	34.39
30,422,310	86,920,886	543,936,843	1,586,179,292	34.29
31,675,050	90,500,143	560,702,400	1,632,031,051	34.36
31,947,030	91,277,229	624,172,810	1,809,676,097	34.49
32,767,400	93,621,143	640,180,580	1,854,938,629	34.51

TABLE 7

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

Direct and Overlapping Governments

Last Ten Collection (Calendar) Years

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Southern Hills Joint Vocational School District	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.40
COUNTY UNITS:										
General	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
General (Highland)	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90
Board of MR/DD	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Board of MR/DD (Highland)	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Health District	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	14.05	14.05	14.05	14.05	14.05	14.05	14.05	14.05	14.05	14.05
SCHOOL DISTRICTS:										
Bright Local	30.20	30.20	32.69	32.69	32.69	32.69	32.69	32.69	30.69	30.76
Eastern Local	38.70	38.70	38.70	38.70	38.70	36.75	37.80	37.80	37.80	37.80
Fayetteville Local	36.40	36.40	35.40	35.40	36.50	36.50	34.10	34.10	34.10	34.10
Georgetown Exempted Village	29.00	29.00	29.00	29.00	29.00	28.50	27.00	27.00	30.40	30.40
Ripley Union Lewis Huntington Local	36.40	36.40	36.40	36.40	36.40	36.40	36.35	36.35	36.35	36.35
Western Brown Local	20.00	20.00	25.20	25.20	25.20	25.20	23.70	23.70	23.70	23.70
CORPORATIONS:										
Aberdeen Village	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Fayetteville Village	13.30	13.30	13.30	13.30	13.30	13.30	13.30	13.30	13.30	13.30
Georgetown Village	2.30	2.30	2.30	2.30	2.30	2.30	3.30	3.30	3.30	3.30
Hamersville Village	3.60	3.60	3.60	3.60	3.60	3.60	4.60	4.60	4.60	2.90
Higginsport Village	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20
Mt. Orab Village	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	7.60
Ripley Village	5.00	5.00	5.00	5.00	5.00	9.00	9.00	9.00	9.00	9.00
Russellville Village	18.60	18.60	18.60	18.60	18.60	18.60	18.60	13.60	17.60	17.60
Sardinia Village	16.70	16.70	16.70	16.70	10.50	14.00	14.00	14.00	14.00	14.00
St. Martin Village	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Mowrystown	16.90	16.90	16.90	16.90	16.90	16.90	16.90	16.90	16.90	16.90
TOWNSHIPS:										
Byrd	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Clark	3.60	4.10	4.10	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Eagle	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Franklin	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.60	2.60	2.60
Green	3.00	3.50	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50
Huntington	6.30	6.30	6.30	6.30	6.30	5.10	6.30	6.30	6.30	6.30
Jackson	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	2.20
Jefferson	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
Lewis	3.10	3.10	3.10	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Perry	6.40	6.40	6.40	6.40	6.40	6.40	6.90	6.90	6.90	6.90
Pike	3.50	3.50	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50
Pleasant	1.50	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Scott	3.30	3.30	3.30	3.30	3.30	3.30	3.30	4.00	4.00	4.00
Sterling	5.50	5.50	5.50	5.50	5.50	5.50	6.50	6.50	6.50	6.50
Union	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Washington	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Brushcreek	5.20	5.20	5.20	5.20	5.20	5.20	6.20	6.20	6.20	6.20
Concord	3.10	3.10	3.10	3.10	3.10	3.10	3.10	2.70	3.10	2.60
Hamer	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Jackson	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Marshall	4.15	4.15	4.15	4.15	4.65	4.65	4.65	4.65	4.65	4.65
New Market	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Paint	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40
Salem	2.80	2.80	2.80	2.80	1.80	1.80	1.80	1.80	1.80	1.80
Washington	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	2.60
Whiteoak	2.30	2.30	2.30	1.80	1.80	1.80	1.80	1.80	1.80	1.80
OTHER UNITS:										
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	0.75	0.75
Mental Health (Highland County)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Brown County Auditor.

(1) Direct rates of localities can be raised only by a majority of the votes in a public election.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Computation of Legal Debt Margin

June 30, 2005

(1) Assessed Valuation of District	<u><u>\$640,180,580</u></u>
------------------------------------	-----------------------------

Overall Direct Debt Limitation

Direct debt limitation	
9% of assessed valuation (1)	\$57,616,252
Legal debt margin within 9% limitation	\$57,616,252

Unvoted Direct Debt Limitation

Unvoted debt limitation	
0.1% of assessed valuation (1)	\$640,181
Legal debt margin within 0.1% limitation	\$640,181

Source: Southern Hills Joint Vocational School District records.

TABLE 9

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Computation of Direct and Overlapping Debt

June 30, 2005

Jurisdiction	Debt Outstanding (1)	Percentage Applicable to District (2) (3)	Amount Applicable to District
Southern Hills Joint Vocational School District	\$0	N/A	N/A
Eastern Local School District	2,720,000	100.00%	2,720,000
Fayetteville Local School District	2,600,300	100.00%	2,600,300
Georgetown Exempted Village School District	90,000	100.00%	90,000
Ripley Union Lewis Huntington Local School District	3,641,992	100.00%	3,641,992
Western Brown Local School District	5,975,000	100.00%	5,975,000
Total Overlapping Debt	15,027,292		15,027,292
Grand Total	\$15,027,292		\$15,027,292

Source: Brown County Auditor

(1) Represents General Obligation Bonded Debt Only

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

(3) 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 in account.

TABLE 10

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Demographic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Brown County (3)</u>	<u>Unemployment Rate State of Ohio (3)</u>	<u>Unemployment Rate U.S.A (3)</u>
1996	34,966	2,064	6.10%	4.90%	4.90%
1997	34,966	2,130	4.50	4.10	4.70
1998	34,966	2,107	5.50	4.50	4.70
1999	34,966	2,093	5.30	4.60	4.30
2000	42,285	2,112	5.90	4.20	4.20
2001	42,285	2,082	5.50	4.10	4.90
2002	42,285	2,050	7.20	5.50	5.70
2003	42,285	2,066	6.20	5.80	6.10
2004	44,239	2,098	6.20	5.80	6.10
2005	44,239	2,120	6.50	5.80	5.10

Sources: (1) 1996 through 1999 population data from 1990 U.S. census. 2000 through 2003 data is from 2000 U.S. census. After 2003, data is from 2004 U.S. census estimated population.

(2) Southern Hills Joint Vocational School District records.

(3) Ohio Department of Jobs and Family Services

TABLE 11

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 Construction, Bank Deposits and Property Values
 Last Ten Calendar Years

<u>Year</u>	<u>Value of Permits Issued (1)</u>	<u>County Bank Deposits (2) (in thousands)</u>	<u>Property Values (3)</u>
1996	\$2,309,638	\$96,410	\$296,042,710
1997	2,625,011	79,345	309,494,540
1998	3,096,410	87,654	362,868,340
1999	2,632,391	87,294	374,180,170
2000	4,897,529	93,527	390,197,860
2001	11,428,103	107,946	472,256,490
2002	8,598,632	128,145	485,449,760
2003	5,272,491	157,570	502,756,180
2004	4,762,524	149,596	569,191,220
2005	3,225,000	153,281	584,793,330

Sources: (1) 1996 data from Building Permit Survey, prepared by the Bureau of the Census. 1997-2000 data from Bureau of Census World Wide Web site. 2001-2005 data from Brown County Auditor.

(2) Federal Reserve Bank of Cleveland.

(3) Brown County Auditor, calendar year basis assessed value of real property only.

TABLE 12

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
Principal Real and Personal Property Taxpayers

Taxpayer	Total Assessed Valuation	Percentage of Total Assessed Valuation
Kroger Limited Partnership	\$5,137,000	0.80%
Ohio Valley Manor	5,037,885	0.79%
Mac Tool's Inc.	4,948,400	0.77%
Cincinnati Milacron	4,495,457	0.70%
Georgetown Land Company	2,875,114	0.45%
Crout Properties LTD	2,030,028	0.32%
AHE of Ohio Inc.	1,770,771	0.28%
HPWFP Limited Partnership	1,581,971	0.25%
Timothy R. Hale	1,572,457	0.25%
Davon Inc.	1,541,485	0.24%
Total Real and Personal Property	30,990,568	4.84%
All Others	609,190,012	95.16%
Total Assessed Valuation	<u>\$640,180,580</u>	<u>100.00%</u>

Source: Brown County Auditor

TABLE 13

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
Staff Education and Experience
June 30, 2005

<u>Degree</u>	<u>Number of Staff</u>	<u>Percent of Total</u>
Non-Degree	31	48.44%
Bachelor's Degree	8	12.50%
Bachelor + 5	6	9.38%
Master's Degree	<u>19</u>	<u>29.69%</u>
Total	<u><u>64</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Staff</u>	<u>Percent of Total</u>
0-5	17	26.56%
6-10	11	17.19%
11 and over	<u>36</u>	<u>56.25%</u>
Total	<u><u>64</u></u>	<u><u>100.00%</u></u>

Source: Southern Hills Joint Vocational School District Records.

TABLE 14

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
 Per Pupil Cost
 Last Ten Fiscal Years

<u>Year</u>	<u>General Government Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
1996	\$3,266,748	355	\$9,202
1997	\$3,676,841	371	9,911
1998	3,937,745	377	10,445
1999	4,151,455	372	11,159
2000	4,455,036	384	11,602
2001	4,739,339	357	13,275
2002	4,729,258	436	10,847
2003	4,949,615	427	11,592
2004	5,517,516	411	13,425
2005	5,723,580	416	13,759

Source: Southern Hills Joint Vocational School District Records

(1) Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

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**Auditor of State
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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
FEBRUARY 28, 2006**