

Southern Hills Joint Vocational School District

Brown County

Regular Audit

July 1, 2005 through June 30, 2006

Fiscal Year Audited Under GAGAS: 2006

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Mary Taylor, CPA  
Auditor of State

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, 2005 through June 30, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 19, 2007

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

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**BALESTRA, HARR & SCHERER, CPAs, INC.**

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Piketon, Ohio 45661

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Member American Institute of Certified Public Accountants

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 School District), as of and for the year ended June 30, 2006 which collectively comprise the School District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 11, 2006, wherein we indicate that the School District implemented Governmental Accounting Standards Board (GASB) Statements No. 42, 44 and 47. 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 School 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.

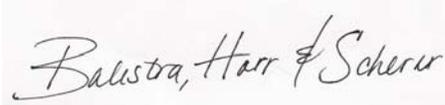
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 School District in a separate letter dated December 11, 2006.

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 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.  
December 11, 2006

*SOUTHERN HILLS  
JOINT VOCATIONAL SCHOOL DISTRICT*

*GEORGETOWN, OHIO*

*COMPREHENSIVE ANNUAL  
FINANCIAL REPORT*

*FOR THE FISCAL YEAR ENDED JUNE 30, 2006*

Issued by:  
Treasurer's Office

Michael Boyd, CPA  
Treasurer



# **INTRODUCTORY SECTION**

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***Southern Hills Joint Vocational School District***

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

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***Southern Hills Joint Vocational School District***

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December 11, 2006

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, 2006. 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 file its financial statements with the Auditor of State and publish their availability 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, 2006.

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, 2006. The report of independent accountants is located at the front of the Financial Section of this report.

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

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 Independent Accountants' Report on the financial statements, Management's Discussion and Analysis, basic financial statements, notes to the basic financial statements, 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 all school districts in Brown County and Bright Local School District in 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 Southern Ohio Educational Service District. In July 2001, because of auditing reasons and better representation for the local school districts, the board composition was changed to a seven member board. 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 63 full-time employees. These employees include certified, non-certified and administrative personnel providing services to 402 secondary students and 803 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 17. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan is reported as insurance purchasing pool in Note 18. The Brown County Schools Benefits Consortium is presented as a public entity shared risk and insurance purchasing pool in Note 19.

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

established at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

## **ECONOMIC CONDITION AND OUTLOOK**

Major industries located within the School District's boundaries include paper, agricultural/trailer equipment, plastics technology, tool box and surgical/medical equipment manufacturing. 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 one percent above the state unemployment rate. During the past ten years, the unemployment rate rose from 4.5 percent in 1997 to a high of 7.2 percent in 2002, with a current rate of 6.2 percent in June 2006. 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 44,398 is the 2005 estimated population. This represents a five percent change since April 1, 2000, compared to an estimated state decrease of two 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 was 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 55.7 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, Hawline and PCP Champion.

## **FINANCIAL TRENDS**

During fiscal year 2006, 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.

## **FINANCIAL PLANNING AND POLICIES**

The district is undergoing a major renovation project that has a total cost of \$10,274,179. A one-mill permanent improvement levy is earmarked for the renovation project as well as construction projects, maintenance, and equipment purchases that will be done after the renovation is completed.

The district acquired a \$500,000 loan from the state for renovation that has helped in financing the local share of the project. The district is also working on a federal program called Qualified Zone Academy Bond (QZAB), which is a program in which bond holders receive a tax credit, rather than interest, for 12-15 years. At this time the program is still in legislation and debate. Another financial option would be to seek bonds.

With Congress passing the QZAB program in the last part of December, the monies received will provide Southern Hills Joint Vocational School District needed leverage of monies for other building project activities, such as the construction of a new Sports Medicine program that will begin in the 2007-08 school year.

The QZAB was a great collaboration of many of our local business partners. In turn, we are providing our partners with students that will assist in their businesses, while making the students better prepared for the workforce, as well as potential employees in their businesses for the future.

With the new biennium and new governor coming into office, there are many unknowns of what monies and amount of monies will be given to schools. Because of legislative controls on state funding, it is not clear if schools will receive a sizeable increase in state revenue. Another consideration is a State constitutional amendment for school funding that is being debated by various factions and associations in the education community. The target date for the amendment is the November 2007 election.

## **MAJOR INITIATIVES**

The Southern Hills Joint Vocational School District began a major renovation of the entire building in April, 2006. Major structural problems were discovered during the spring and summer that were not found in the original pre-construction assessment. Major rework had to be done in order for the building to be occupied for school. Every egress had to be replaced with steel support and major block masonry. The building could not be occupied by instructional staff until after Labor Day and the first day for students was not until September 11, 2006.

Even though we were late opening the building, we were excited that we still were within budget and not asking for any money from the State or voters at this time. We have used all of our five calamity days because of the delay in the construction. We still have to make up eight days but we are trying to have these waived by the State legislature. Any other calamity days will be made up during spring break.

The School District houses eleven career-tech programs at the Career and Technical Center and six satellite programs at the local schools, making a total student population of approximately 402 students served by the school district.

Southern Hills Joint Vocational School District depends mainly on the State of Ohio for funding, with local funding a second source of revenue. The district receives little funding from the federal government. We have had some increase in the basic aid that is given to all districts along with the weighted funding for career-tech programs. With the new governor, there is a possibility of additional funding for education, but that remains to be seen because of political as well as economic factors.

## 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.

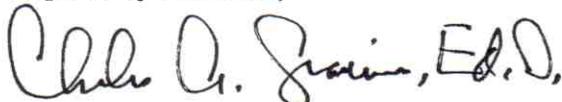
### ASBO CERTIFICATE OF EXCELLENCE

The Association of School Business Officials (ASBO) International Certificate of Excellence is awarded to those school districts who have voluntarily submitted their system's Comprehensive Annual Financial Report for review by an ASBO Panel of Review. This award certifies that the Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The Southern Hills Joint Vocational School District will also be submitting its 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, 2006***

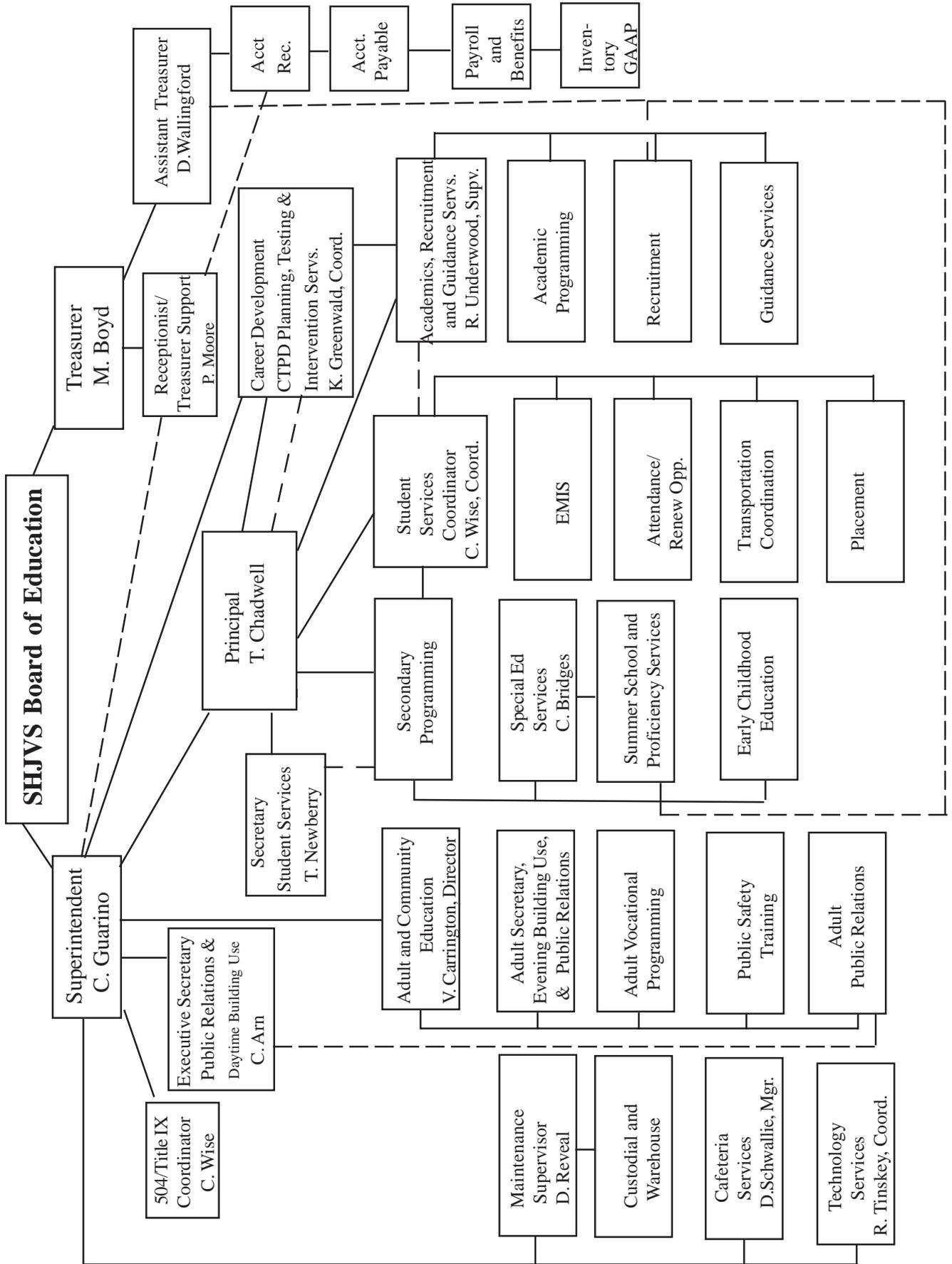
**ELECTED OFFICIALS**

President, Board of Education .....	William Neal
Vice President, Board of Education.....	Roger West
Board Member .....	Melanie Crone
Board Member .....	Steven Dunkin
Board Member .....	Kenneth Kelch
Board Member .....	Robert Berry
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, 2006*



***Southern Hills Joint Vocational School District***  
***Consultants and Advisors***  
***June 30, 2006***

**Architects**

---

Steed Hammond Paul  
82 Williams Avenue  
Hamilton, OH 45011

**Bond Counsel**

---

Bricker and Eckler LLP  
100 South Third Street  
Columbus, OH 45215

**Independent Auditor**

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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**

---

National Bank & Trust  
48 North South Street  
Wilmington, OH 45177

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Southern Hills

Joint Vocational School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**  
**For its Comprehensive Annual Financial Report (CAFR)**  
For the Fiscal Year Ended June 30, 2005

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director

# **FINANCIAL SECTION**

**BALESTRA, HARR & SCHERER, CPAS, INC.**  
528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

---

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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 School District), Brown County, as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2006, 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.

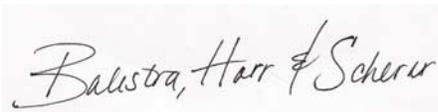
In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2006, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 12 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 School 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.

As described in Note 3, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, an amendment of NCGA statement 1 and GASB Statement No. 47, *Accounting for Termination Benefits*.

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.  
December 11, 2006

***Southern Hills Joint Vocational School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2006***  
***Unaudited***

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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, 2006. 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, 2006. 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 \$8,149,147.
- General revenues accounted for \$12,151,868 in revenue or 87 percent of all total revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$1,846,861 or 13 percent of total revenues of \$13,998,729.
- The School District had \$5,849,582 in expenses related to governmental activities; only \$1,846,861 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 \$12,151,868 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, 2006***  
***Unaudited***

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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 nonmajor 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, the OSFC Locally Funded Initiative Capital Projects Fund, and the OSFC Vocational Renovation Project 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 fiscal year 2006?"

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.

***Southern Hills Joint Vocational School District***  
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***For the Fiscal Year Ended June 30, 2006***  
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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 fiscal years 2006 and 2005:

**Southern Hills Joint Vocational School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2006**  
**Unaudited**

(Table 1)  
Net Assets

	Governmental Activities		
	2006	2005	Change in Net Assets
<b>Assets</b>			
Current and Other Assets	\$18,452,266	\$9,152,692	\$9,299,574
Capital Assets	6,589,114	3,726,544	2,862,570
Total Assets	<u>25,041,380</u>	<u>12,879,236</u>	<u>12,162,144</u>
<b>Liabilities</b>			
Long-Term Liabilities	3,304,224	729,484	2,574,740
Other Liabilities	3,770,162	2,331,905	1,438,257
Total Liabilities	<u>7,074,386</u>	<u>3,061,389</u>	<u>4,012,997</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	3,907,516	3,726,544	180,972
Restricted	10,694,056	2,970,910	7,723,146
Unrestricted	3,365,422	3,120,393	245,029
Total Net Assets	<u>\$17,966,994</u>	<u>\$9,817,847</u>	<u>\$8,149,147</u>

Total assets increased by \$12,162,144. Total liabilities increased by \$4,012,997. Total net assets increased by \$8,149,147. This was primarily due to an increase in Equity in Pooled Cash and Cash Equivalents related to increases in property taxes received as part of a new permanent improvement levy, as well as monies received from the Ohio School Facilities Commission for use in remodeling the School District building. In addition, there was a significant increase in Intergovernmental Receivable for the monies remaining to be received for the School District's remodeling project, which is being funded by the Ohio School Facilities Commission. These increases were offset by an increase in Long-Term Liabilities related to the School District entering into a capital lease for use in funding the local portion of the Ohio School Facilities Commission Project.

Table 2, on the following page, shows the changes in net assets for fiscal years 2006 and 2005.

***Southern Hills Joint Vocational School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2006***  
***Unaudited***

(Table 2)  
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$289,243	\$380,743	(\$91,500)
Operating Grants and Contributions	1,557,618	1,548,663	8,955
Total Program Revenues	<u>1,846,861</u>	<u>1,929,406</u>	<u>(82,545)</u>
General Revenues:			
Property Taxes	2,222,919	1,710,696	512,223
Grants and Entitlements not Restricted to Specific Programs	9,644,073	2,225,064	7,419,009
Unrestricted Investment Earnings	234,969	172,349	62,620
Gain on Sale of Capital Assets	36,202	0	36,202
Miscellaneous	13,705	8,798	4,907
Total General Revenues	<u>12,151,868</u>	<u>4,116,907</u>	<u>8,034,961</u>
Total Revenues	<u>13,998,729</u>	<u>6,046,313</u>	<u>7,952,416</u>
<b>Program Expenses</b>			
Instruction:			
Regular	263,850	171,717	92,133
Vocational	3,249,122	3,132,897	116,225
Adult/Continuing	134,454	170,921	(36,467)
Support Services:			
Pupils	352,923	335,928	16,995
Instructional Staff	128,853	114,298	14,555
Board of Education	37,046	39,710	(2,664)
Administration	534,841	532,155	2,686
Fiscal	330,085	317,705	12,380
Business	53,684	46,887	6,797
Operation and Maintenance of Plant	468,309	499,742	(31,433)
Pupil Transportation	43,826	31,143	12,683
Central	46,406	50,989	(4,583)
Operation of Non-Instructional Services:			
Food Service Operations	199,037	211,106	(12,069)
Extracurricular Activities	7,146	10,195	(3,049)
Total Expenses	<u>5,849,582</u>	<u>5,665,393</u>	<u>184,189</u>
Increase in Net Assets	8,149,147	380,920	7,768,227
Net Assets - Beginning of Year	<u>9,817,847</u>	<u>9,436,927</u>	<u>380,920</u>
Net Assets - End of Year	<u>\$17,966,994</u>	<u>\$9,817,847</u>	<u>\$8,149,147</u>

***Southern Hills Joint Vocational School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2006***  
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Program revenues decreased by \$82,545, due mainly to a decrease in Charges for Services and Sales for adult education classes, which were cut back during the renovation project. Property Taxes increased by \$512,223 due to slight increases in property values and the passage of a new permanent improvement levy which began collections in the second half of fiscal year 2006. Grants and Entitlements not Restricted to Specific Programs increased by \$7,419,009 primarily due to the recognition of revenues related to the Ohio School Facilities Commission Project. Unrestricted Investment Earnings increased by \$62,620 due to rising interest rates, combined with increased funds available for investment that were related to the Ohio School Facilities grant.

Program expenses for Regular Instruction increased by \$92,133, as a result of the addition of a proficiency/alternative school program to the School District's curriculum. Vocational Instruction expenses increased by \$116,225, due primarily to slight increases in expenses recognized for accrued wages and depreciation expense as well as slight increases in overall expenses for operating vocational programs. Expenses for Operation and Maintenance of Plant decreased by \$31,433 as a result of decreased expenses for janitorial supplies and general building repairs during the remodeling project.

### **Governmental Activities**

Grants and Entitlements made up 69 percent of revenues for governmental activities of the Southern Hills Joint Vocational School District for fiscal year 2006. 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 47<sup>th</sup> out of the 49 Ohio Joint Vocational School Districts in property valuation per pupil.

Instruction comprises 62 percent of governmental program expenses. Support Services expenses make up 34 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.

***Southern Hills Joint Vocational School District***  
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***For the Fiscal Year Ended June 30, 2006***  
***Unaudited***

(Table 3)  
Governmental Activities

	Total Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
Instruction	\$3,647,426	\$3,475,535	(\$2,259,548)	(\$2,012,883)
Support Services	1,995,973	1,968,557	(1,674,154)	(1,631,026)
Operation of Non-Instructional Services:				
Food Service Operations	199,037	211,106	(61,873)	(81,883)
Extracurricular Activities	7,146	10,195	(7,146)	(10,195)
<b>Total</b>	<b>\$5,849,582</b>	<b>\$5,665,393</b>	<b>(\$4,002,721)</b>	<b>(\$3,735,987)</b>

**The School District's Funds**

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,755,423 and expenditures of \$8,759,875. The net change in fund balance for the year was most significant in the OSFC Vocational Renovation Capital Projects Fund, an increase of \$2,756,382. This is due mainly to the inception of a capital lease used to fund the OSFC renovation project. The OSFC Locally Funded Initiative Capital Projects Fund also had a significant increase of \$1,499,660. This was due to transfers in from the Permanent Improvement Capital Projects Fund and the Vocational Education Equipment Capital Projects Fund.

**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 2006 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 19, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, the original budget basis revenue was \$4,961,105, with a final budget estimate of \$5,147,403. There was a \$186,298 variance between these two amounts. This was mainly due to slight increases in State funding received during the fiscal year. There was only a \$11,606 variance between the final budget and actual budget basis revenue.

***Southern Hills Joint Vocational School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2006***  
***Unaudited***

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Original budget basis expenditures for the General Fund were \$4,941,868, and final budget basis expenditures were \$5,231,885, a difference of \$290,017. The increase in estimated expenditures was primarily related to an increase in Vocational Instruction. Final actual expenditures decreased from the final budgeted expenditures by \$469,140. This was mainly due to the School District's delay in ordering vocational materials, supplies and equipment, as there was limited storage area during the remodeling project. In addition, construction costs related to the remodeling that were budgeted to be paid from the General Fund were not completed and billed by the contractors until after fiscal year-end.

The School District's ending unobligated cash balance in the General Fund was \$537,897 above the final budgeted amount.

**Debt**

At June 30, 2006, the School District had \$466,667 in loans outstanding, \$33,333 due within one year. Table 4 summarizes loans outstanding at fiscal years 2006 and 2005:

(Table 4)  
 Outstanding Debt, at Fiscal Year-End

	2006	2005
2005 Facility Improvement and Equipment Replacement Loan	\$466,667	\$500,000

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.

For more information on Debt, refer to the notes to the basic financial statements (Note 15).

**Capital Assets**

At the end of fiscal year 2006, the School District had \$6,589,114 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows fiscal year 2006 balances compared to fiscal year 2005:

***Southern Hills Joint Vocational School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2006***  
***Unaudited***

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(Table 5)  
Capital Assets at June 30  
(Net of Depreciation)

	Governmental Activities	
	2006	2005
Land	\$68,701	\$68,701
Construction in Progress	2,375,188	158,785
Land Improvements	44,071	26,238
Buildings and Improvements	2,784,266	2,066,148
Furniture and Equipment	1,253,048	1,338,848
Vehicles	63,840	67,824
Totals	\$6,589,114	\$3,726,544

Net Capital Assets increased \$2,862,570 from the prior fiscal year. This was primarily due to construction in progress and buildings and improvements, offset by deletions and depreciation for the fiscal year. For more information on Capital Assets, refer to the notes to the basic financial statements (Note 9).

**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 third 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 eleven vocational programs housed at the Career Center and six satellite programs at the local schools, with a total of 1,205 students served by the School District. The School District has seen a decline in program offerings at the Career Center and local school districts due to budget restraints and declining enrollment. Southern Hills is planning to offer a new program at the career center in fiscal year 2008 in a health career field, due to anticipated increase in high school enrollments at our local districts.

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.

***Southern Hills Joint Vocational School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2006***  
***Unaudited***

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The School District is in the middle of a major renovation project that will completely update a building that was constructed in 1975. The building project will include improvements to the electrical, plumbing, life safety, roof and state of the art technology. In addition to the remodel, a fifteen thousand foot addition will be included in the total project funded with local money. The addition will provide space for a future lab, extend the existing welding program and create a media center. The renovation is a shared funded project with the Ohio Schools Facilities Commission and local taxpayers. The School District's share of the cost is currently funded by a short-term financing lease purchase, State loan in the amount of \$500,000 and a one mill permanent improvement levy passed by the voters on February 8, 2005. The project is scheduled for completion in the summer of 2007.

**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](mailto:mike_shc@scoca-k12.org)

***Southern Hills Joint Vocational School District***

*Statement of Net Assets*

*June 30, 2006*

	<u>Governmental Activities</u>
<b><i>Assets</i></b>	
Equity in Pooled Cash and Cash Equivalents	\$9,148,024
Accrued Interest Receivable	81,879
Prepaid Items	34,648
Materials and Supplies Inventory	4,027
Intergovernmental Receivable	4,167,548
Property Taxes Receivable	2,442,098
Cash and Cash Equivalents with Fiscal Agents	150,973
Investments with Fiscal Agents	2,423,069
Capital Assets:	
Land and Construction in Progress	2,443,889
Depreciable Capital Assets, Net	<u>4,145,225</u>
<b><i>Total Assets</i></b>	<u><u>25,041,380</u></u>
<b><i>Liabilities</i></b>	
Accounts Payable	17,791
Accrued Wages and Benefits	415,999
Contracts Payable	1,393,757
Intergovernmental Payable	80,608
Deferred Revenue	1,862,007
Long-Term Liabilities:	
Due Within One Year	586,021
Due in More Than One Year	<u>2,718,203</u>
<b><i>Total Liabilities</i></b>	<u><u>7,074,386</u></u>
<b><i>Net Assets</i></b>	
Invested in Capital Assets, Net of Related Debt	3,907,516
Restricted for Capital Outlay	9,499,749
Restricted for Food Service	295,038
Restricted for Adult Education	607,341
Restricted for Other Purposes	271,631
Restricted for Set-Asides	20,297
Unrestricted	<u>3,365,422</u>
<b><i>Total Net Assets</i></b>	<u><u>\$17,966,994</u></u>

See accompanying notes to the basic financial statements

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**Southern Hills Joint Vocational School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2006

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>				
Instruction:				
Regular	\$263,850	\$16,772	\$3,684	(\$243,394)
Vocational	3,249,122	62,365	1,209,123	(1,977,634)
Adult/Continuing	134,454	54,481	41,453	(38,520)
Support Services:				
Pupils	352,923	0	164,824	(188,099)
Instructional Staff	128,853	0	14,407	(114,446)
Board of Education	37,046	0	0	(37,046)
Administration	534,841	48,313	48,010	(438,518)
Fiscal	330,085	0	0	(330,085)
Business	53,684	25,085	0	(28,599)
Operation and Maintenance of Plant	468,309	2,849	0	(465,460)
Pupil Transportation	43,826	0	6,450	(37,376)
Central	46,406	0	11,881	(34,525)
Operation of Non-Instructional Services:				
Food Service Operations	199,037	79,378	57,786	(61,873)
Extracurricular Activities	7,146	0	0	(7,146)
<b>Total Governmental Activities</b>	<b>\$5,849,582</b>	<b>\$289,243</b>	<b>\$1,557,618</b>	<b>(4,002,721)</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				1,727,845
Capital Outlay				495,074
Grants and Entitlements not Restricted to				
Specific Programs				9,644,073
Unrestricted Investment Earnings				234,969
Gain on Sale of Capital Assets				36,202
Miscellaneous				13,705
<b>Total General Revenues</b>				<b>12,151,868</b>
Change in Net Assets				8,149,147
<i>Net Assets Beginning of Year</i>				9,817,847
<i>Net Assets End of Year</i>				<b>\$17,966,994</b>

See accompanying notes to the basic financial statements

**Southern Hills Joint Vocational School District**  
*Balance Sheet*  
**Governmental Funds**  
*June 30, 2006*

	General	Permanent Improvement	OSFC Locally Funded Initiative	OSFC Vocational Renovation Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$3,234,810	\$843,676	\$1,501,012	\$2,320,323	\$1,227,906	\$9,127,727
Materials and Supplies Inventory	0	0	0	0	4,027	4,027
Accrued Interest Receivable	0	55,630	0	24,052	2,197	81,879
Interfund Receivable	71,397	0	0	0	0	71,397
Intergovernmental Receivable	12,768	453	0	4,119,418	34,909	4,167,548
Prepaid Items	28,375	0	0	0	6,273	34,648
Property Taxes Receivable	1,751,734	690,364	0	0	0	2,442,098
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	20,297	0	0	0	0	20,297
Cash and Cash Equivalents with Fiscal Agents	0	0	0	150,973	0	150,973
Investments with Fiscal Agents	0	0	0	2,423,069	0	2,423,069
Advances to Other Funds	350,000	0	0	0	0	350,000
<b>Total Assets</b>	<b><u>\$5,469,381</u></b>	<b><u>\$1,590,123</u></b>	<b><u>\$1,501,012</u></b>	<b><u>\$9,037,835</u></b>	<b><u>\$1,275,312</u></b>	<b><u>\$18,873,663</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$17,791	\$0	\$0	\$0	\$0	\$17,791
Accrued Wages and Benefits	397,778	0	0	0	18,221	415,999
Contracts Payable	0	0	1,352	1,392,405	0	1,393,757
Interfund Payable	0	0	0	0	71,397	71,397
Intergovernmental Payable	72,515	0	0	0	8,093	80,608
Deferred Revenue	1,425,849	588,253	0	4,139,048	28,292	6,181,442
Advances from Other Funds	0	0	0	350,000	0	350,000
<b>Total Liabilities</b>	<b><u>1,913,933</u></b>	<b><u>588,253</u></b>	<b><u>1,352</u></b>	<b><u>5,881,453</u></b>	<b><u>126,003</u></b>	<b><u>8,510,994</u></b>
<b>Fund Balances</b>						
Reserved for Encumbrances	25,449	6,297	28,017	327,873	31,395	419,031
Reserved for Advances	350,000	0	0	0	0	350,000
Reserved for Property Taxes	318,947	127,189	0	0	0	446,136
Reserved for Budget Stabilization	20,297	0	0	0	0	20,297
Reserved for Capital Improvements	0	0	0	2,574,042	0	2,574,042
Unreserved:						
Undesignated, Reported in:						
General Fund	2,840,755	0	0	0	0	2,840,755
Special Revenue Funds	0	0	0	0	1,117,914	1,117,914
Capital Projects Funds	0	868,384	1,471,643	254,467	0	2,594,494
<b>Total Fund Balances</b>	<b><u>3,555,448</u></b>	<b><u>1,001,870</u></b>	<b><u>1,499,660</u></b>	<b><u>3,156,382</u></b>	<b><u>1,149,309</u></b>	<b><u>10,362,669</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$5,469,381</u></b>	<b><u>\$1,590,123</u></b>	<b><u>\$1,501,012</u></b>	<b><u>\$9,037,835</u></b>	<b><u>\$1,275,312</u></b>	<b><u>\$18,873,663</u></b>

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, 2006

**Total Governmental Fund Balances** \$10,362,669

*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	2,443,889	
Other Capital Assets	10,544,620	
Accumulated Depreciation	<u>(6,399,395)</u>	
Total capital assets		6,589,114

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	111,905	
Intergovernmental	4,158,250	
Interest	<u>49,280</u>	
		4,319,435

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	(466,667)	
Capital Lease	(2,569,000)	
Compensated Absences	<u>(268,557)</u>	
		<u>(3,304,224)</u>

**Net Assets of Governmental Activities** \$17,966,994

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, 2006

	General	Permanent Improvement	OSFC Locally Funded Initiative	OSFC Vocational Renovation Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$1,726,998	\$466,739	\$0	\$0	\$0	\$2,193,737
Intergovernmental	3,375,150	34,239	0	3,243,233	394,085	7,046,707
Interest	0	192,789	0	10,284	7,633	210,706
Tuition and Fees	14,755	0	0	0	127,879	142,634
Rent	2,849	0	0	0	0	2,849
Gifts and Donations	1,325	0	0	0	0	1,325
Customer Sales and Services	2,017	0	0	0	141,743	143,760
Miscellaneous	10,421	0	0	0	3,284	13,705
<b>Total Revenues</b>	<b>5,133,515</b>	<b>693,767</b>	<b>0</b>	<b>3,253,517</b>	<b>674,624</b>	<b>9,755,423</b>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	226,026	0	0	0	3,259	229,285
Vocational	2,870,145	0	0	121,195	158,977	3,150,317
Adult/Continuing	0	0	0	0	132,561	132,561
Support Services:						
Pupils	178,355	0	0	0	166,447	344,802
Instructional Staff	79,532	0	0	0	26,125	105,657
Board of Education	36,805	0	0	0	0	36,805
Administration	442,159	0	0	0	130,747	572,906
Fiscal	303,171	9,509	0	0	0	312,680
Business	25,846	0	0	0	27,838	53,684
Operation and Maintenance of Plant	461,963	3,435	0	0	731	466,129
Pupil Transportation	31,425	0	0	0	6,485	37,910
Central	30,078	0	0	0	13,552	43,630
Operation of Non-Instructional Services:						
Food Service Operations	0	0	0	0	206,109	206,109
Extracurricular Activities	7,146	0	0	0	0	7,146
Capital Outlay	396	26,071	115,514	2,884,940	0	3,026,921
Debt Service:						
Principal	0	33,333	0	0	0	33,333
<b>Total Expenditures</b>	<b>4,693,047</b>	<b>72,348</b>	<b>115,514</b>	<b>3,006,135</b>	<b>872,831</b>	<b>8,759,875</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>440,468</b>	<b>621,419</b>	<b>(115,514)</b>	<b>247,382</b>	<b>(198,207)</b>	<b>995,548</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	60,000	1,615,174	0	111,054	1,786,228
Proceeds from Sale of Capital Assets	1,735	87,930	0	0	0	89,665
Inception of Capital Lease	0	0	0	2,569,000	0	2,569,000
Transfers Out	(171,054)	(727,753)	0	(60,000)	(827,421)	(1,786,228)
<b>Total Other Financing Sources (Uses)</b>	<b>(169,319)</b>	<b>(579,823)</b>	<b>1,615,174</b>	<b>2,509,000</b>	<b>(716,367)</b>	<b>2,658,665</b>
<b>Net Change in Fund Balances</b>	<b>271,149</b>	<b>41,596</b>	<b>1,499,660</b>	<b>2,756,382</b>	<b>(914,574)</b>	<b>3,654,213</b>
<b>Fund Balance at Beginning of Year</b>	<b>3,284,299</b>	<b>960,274</b>	<b>0</b>	<b>400,000</b>	<b>2,063,883</b>	<b>6,708,456</b>
<b>Fund Balance at End of Year</b>	<b>\$3,555,448</b>	<b>\$1,001,870</b>	<b>\$1,499,660</b>	<b>\$3,156,382</b>	<b>\$1,149,309</b>	<b>\$10,362,669</b>

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, 2006*

**Net Change in Fund Balances - Total Governmental Funds** \$3,654,213

***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	3,314,093	
Depreciation expense	(398,060)	
Excess of capital outlay over depreciation expense		2,916,033

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 gain on the sale of capital assets in the Statement of Activities.

Proceeds from Sale of Capital Assets	(89,665)	
Gain on Sale of Capital Assets	36,202	
		(53,463)

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	29,182	
Intergovernmental	4,146,726	
Interest	31,196	
		4,207,104

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

Loan principal payment		33,333
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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		(39,073)
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Capital lease 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.

(2,569,000)

**Change in Net Assets of Governmental Activities** \$8,149,147

See accompanying notes to the basic financial statements

**Southern Hills Joint Vocational School**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,921,975	\$1,674,174	\$1,674,578	\$404
Intergovernmental	3,020,839	3,452,325	3,453,930	1,605
Tuition and Fees	5,250	6,000	14,755	8,755
Rent	2,493	2,849	2,849	0
Gifts and Donations	1,094	1,250	1,325	75
Customer Sales and Services	1,094	1,250	2,017	767
Miscellaneous	8,360	9,555	9,555	0
<b>Total Revenues</b>	4,961,105	5,147,403	5,159,009	11,606
<b>Expenditures</b>				
Current:				
Instruction:				
Regular Instruction	200,295	229,971	223,870	6,101
Vocational Instruction	2,869,395	3,117,026	2,927,440	189,586
Support Services:				
Pupils	176,905	188,443	177,221	11,222
Instructional Staff	86,237	90,605	79,256	11,349
Board of Education	55,370	55,361	39,805	15,556
Administration	469,334	464,726	431,155	33,571
Fiscal	353,296	369,399	304,996	64,403
Business	21,195	26,530	25,032	1,498
Operation and Maintenance of Plant	604,198	567,370	485,057	82,313
Pupil Transportation	33,203	38,645	31,460	7,185
Central	47,440	51,879	30,138	21,741
Extracurricular Activities	0	6,930	6,919	11
Capital Outlay	25,000	25,000	396	24,604
<b>Total Expenditures</b>	4,941,868	5,231,885	4,762,745	469,140
Excess of Revenues Over (Under) Expenditures	19,237	(84,482)	396,264	480,746
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	2,000	1,735	(265)
Refund of Prior Year Expenditures	0	642	866	224
Refund of Prior Year Receipts	(250)	(250)	(230)	20
Advances In	0	176,000	175,732	(268)
Advances Out	(100,000)	(320,000)	(315,506)	4,494
Transfers Out	(225,000)	(225,000)	(172,054)	52,946
<b>Total Other Financing Sources (Uses)</b>	(325,250)	(366,608)	(309,457)	57,151
Net Change in Fund Balance	(306,013)	(451,090)	86,807	537,897
Fund Balance at Beginning of Year	3,017,073	3,017,073	3,017,073	0
Unexpended Prior Year Encumbrances	108,596	108,596	108,596	0
Fund Balance at End of Year	\$2,819,656	\$2,674,579	\$3,212,476	\$537,897

See accompanying notes to the basic financial statements

*Southern Hills Joint Vocational School District*  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2006*

	Private Purpose Trust	
	Scholarship	Agency
<b><i>Assets</i></b>		
Equity in Pooled Cash and Cash Equivalents	\$71,696	\$21,370
<b><i>Liabilities</i></b>		
Undistributed Monies	0	\$21,370
<b><i>Net Assets</i></b>		
Held in Trust for Scholarships	\$71,696	

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, 2006***

	Private Purpose Trust
	Scholarship
<b><i>Additions</i></b>	
Contributions	\$69,061
Miscellaneous	66
	69,127
<b><i>Deductions</i></b>	
Scholarships Awarded	1,351
	67,776
<i>Change in Net Assets</i>	67,776
<i>Net Assets Beginning of Year</i>	3,920
	\$71,696
	\$71,696

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, 2006

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

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

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

The School District, located in Brown County, was established in 1970 and includes all of Brown County and Bright Local School District in Highland County. The School District serves an area of approximately 634 square miles. It is staffed by 20 non-certificated and 43 certificated teaching personnel and administrative employees providing education to 402 secondary students and 803 adult students.

**Reporting Entity**

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

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

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**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 17, 18 and 19 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 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, 2006

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

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities 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 - 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. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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

Permanent Improvement – This fund accounts for all transactions, including the collection of property taxes, intergovernmental monies and interest received related to the acquiring, constructing, or improving of such permanent improvements.

Ohio School Facilities Commission (OSFC) Locally Funded Initiative – This fund is used to account for local monies that are transferred in from the Permanent Improvement and Nonmajor Governmental Funds for expenditures on the building renovation that are not funded by the Ohio School Facilities Commission.

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.

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.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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

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.

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 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 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 2006, the School District held monies to be used for payment of construction costs related to the building renovations. The balance in this account is presented on the financial statements as "Restricted Assets: Cash and Cash Equivalents with Fiscal Agents" and represents deposits. Capital lease proceeds to be used for the renovation of the school building were deposited with a fiscal agent and maintained separate from the School District's investment pool. The monies are presented as "Restricted Assets: Investments with Fiscal Agents" on the financial statements.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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

During fiscal year 2006, the School District's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio), negotiable and non-negotiable certificates of deposit, a repurchase agreement, Federal Home Loan Bank Bonds, Federal Home Loan Bank Step up Coupon Bonds, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Step up Medium Term Notes, Federal Home Loan Mortgage Corporation Medium Term Notes, and Federal Home Loan Mortgage Corporation Discount Notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and non-negotiable certificates of deposit such as repurchase agreements 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, 2006.

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 Capital Projects Fund during fiscal year 2006 amounted to \$192,789 which includes \$167,554 assigned from other School District funds. Interest revenue credited to the OSFC Vocational Renovation Project Capital Projects Fund during fiscal year 2006 amounted to \$10,284 which includes \$7,928 assigned from other School District funds. Interest revenue credited to the Food Service non-major Special Revenue Fund during fiscal year 2006 amounted to \$7,633.

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." Long-term interfund loan receivables are reported as "Advances to Other Funds" or "Advances from Other Funds" and are equally offset by a fund balance reserve in the funds making the advances, which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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

**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 20), and cash received through the capital lease-purchase agreement related to the school building renovation project (see Note 14).

**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, 2006, 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. General capital assets usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the fiscal year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five 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.

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:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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

<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 and capital leases are recognized as a liability on the governmental fund financial statements when due.

**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 balance reserves have been established for encumbrances, advances, property taxes, budget stabilization and capital improvements.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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 2006. 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 adopted by the School District 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 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 \$10,548,125 of restricted net assets, none of which 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, 2006

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

**Q. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and 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 fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported 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, including all supplemental appropriations.

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2006, the School District has implemented *GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries"*, *GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section"*, an amendment of NCGA Statement 1, and *GASB Statement No. 47, "Accounting for Termination Benefits."*

*GASB Statement No. 42* establishes accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The implementation of this statement had no effect on the School District's financial statements for 2006.

*GASB Statement No. 44* defines the requirements for the statistical tables in the Comprehensive Annual Financial Report.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES** (continued)

*GASB Statement No. 47* establishes accounting and financial reporting standards for termination benefits. This statement clarifies and establishes reporting requirements for those benefits provided by employers to employees as an incentive or settlement for voluntary early termination or as a consequence of the involuntary early termination of services. The implementation of this statement had no effect on the School District's financial statements for 2006.

**NOTE 4 – ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2006, the Improving Teacher Quality Fund has a deficit fund balance of \$3,020. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

The Miscellaneous State Grants, Title VI, Safe and Drug Free Schools, Improving Teacher Quality, and Miscellaneous Federal Grants Funds had original appropriations in excess of original estimated resources plus available balances for the fiscal year ended June 30, 2006 in the amounts of \$4,000, \$2,361, \$1,960, \$3,356 and \$15,001, respectively.

The School District will monitor budgetary controls more closely in the future to alleviate such compliance issues.

**NOTE 5 - 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).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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	\$271,149
Adjustments:	
Revenue Accruals	26,360
Expenditure Accruals	(27,297)
Transfers	(1,000)
Advances	(139,774)
Encumbrances	(42,631)
Budget Basis	<u><u>\$86,807</u></u>

**NOTE 6 - 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.

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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 fiscal year-end, \$517,858 of the School District's bank balance of \$1,569,209 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, 2006

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

**Investments**

As of June 30, 2006, 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	\$2,737,757	\$2,737,757	\$0	\$0	\$0
Negotiable Certificates of Deposit	1,353,842	1,353,842	0	0	0
Repurchase Agreement	1,420,983	1,420,983	0	0	0
Federal Home Loan Bank Bonds	99,688	99,688	0	0	0
Federal Home Loan Bank Step up Coupon Bonds	2,201,828	0	197,250	1,807,297	197,281
Federal Home Loan Bank Notes	98,156	0	0	0	98,156
Federal National Mortgage Association Notes	856,157	0	856,157	0	0
Federal National Mortgage Association Discount Notes	627,662	627,662	0	0	0
Federal National Mortgage Association Step up Medium Term Notes	97,313	0	0	0	97,313
Federal Home Loan Mortgage Corporation Medium Term Notes	318,685	318,685	0	0	0
Federal Home Loan Mortgage Corporation Discount Notes	620,564	620,564	0	0	0
Total Investments	<u>\$10,432,635</u>	<u>\$7,179,181</u>	<u>\$1,053,407</u>	<u>\$1,807,297</u>	<u>\$392,750</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. 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.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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, Federal Home Loan Bank Step up Coupon Bonds, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Step up Medium Term Notes, Federal Home Loan Mortgage Corporation Medium Term Notes, and Federal Home Loan Mortgage Corporation Discount Notes carry ratings of Aaa by Moody's. The Repurchase Agreement is invested in Goldman Sachs Financial Square Government Fund, which carries an Aaa rating by Moody's. 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.

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, Federal Home Loan Bank Step up Coupon Bonds, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Step up Medium Term Notes, Federal Home Loan Mortgage Corporation Medium Term Notes, and Federal Home Loan Mortgage Corporation Discount 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, 26 percent is invested in STAROhio, 13 percent is invested in negotiable certificates of deposit, 14 percent is invested in a repurchase agreement, 21 percent is invested in Federal Home Loan Bank Step up Coupon Bonds, 8 percent is invested in Federal National Mortgage Association Notes, 6 percent is invested in Federal National Mortgage Association Discount Notes and 6 percent is invested in Federal Home Loan Mortgage Corporation Discount Notes.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 7 - 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 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 year 2006 (other than public utility property tax) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. 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 2006 tangible personal property tax was not received until August 2006.

The School District receives property taxes from Brown County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

**NOTE 7 - PROPERTY TAXES** (continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 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 are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amounts available as an advance at June 30, 2006, were \$318,947 in the General Fund and \$127,189 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2005, was \$261,377 in the General 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 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$529,792,380	91.62%	\$549,156,390	91.78%
Public Utility Personal	27,491,040	4.75%	27,693,710	4.63%
General Business Personal	20,978,754	3.63%	21,466,778	3.59%
Total Assessed Value	<u>\$578,262,174</u>	<u>100.00%</u>	<u>\$598,316,878</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$5.40		\$6.40	

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2006, 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, except delinquent property taxes, are expected to be received within one year. A list of the School District's intergovernmental receivables follows:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

**NOTE 8 – RECEIVABLES** (continued)

	<u>Amount</u>
Governmental Activities:	
OSFC Vocational Renovation Project	\$4,119,418
Homestead and Rollback	13,221
Lunchroom Reimbursement	5,221
Vocational Education Equipment	12,412
Title VI	2,123
Improving Teacher Quality	2,890
Miscellaneous State Grants	400
Adult Education	11,863
Total Intergovernmental Receivables	<u><u>\$4,167,548</u></u>

During fiscal year 2006, School District was awarded a grant in the amount of \$7,705,179 from the Ohio School Facilities Commission for renovating the School District's building.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Ending Balance 6/30/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2006</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$68,701	\$0	\$0	\$68,701
Construction in Progress	158,785	2,216,403	0	2,375,188
Total Capital Assets, Not Being Depreciated	<u>227,486</u>	<u>2,216,403</u>	<u>0</u>	<u>2,443,889</u>
Capital Assets Being Depreciated				
Land Improvements	386,170	20,192	0	406,362
Buildings and Improvements	5,231,086	833,531	0	6,064,617
Furniture and Equipment	3,902,922	240,026	(313,744)	3,829,204
Vehicles	240,496	3,941	0	244,437
Total Capital Assets Being Depreciated	<u>9,760,674</u>	<u>1,097,690</u>	<u>(313,744)</u>	<u>10,544,620</u>
Less Accumulated Depreciation:				
Land Improvements	(359,932)	(2,359)	0	(362,291)
Buildings and Improvements	(3,164,938)	(115,413)	0	(3,280,351)
Furniture and Equipment	(2,564,074)	(272,363)	260,281	(2,576,156)
Vehicles	(172,672)	(7,925)	0	(180,597)
Total Accumulated Depreciation	<u>(6,261,616)</u>	<u>(398,060) *</u>	<u>260,281</u>	<u>(6,399,395)</u>
Total Capital Assets Being Depreciated, Net	<u>3,499,058</u>	<u>699,630</u>	<u>(53,463)</u>	<u>4,145,225</u>
Governmental Activities Capital Assets, Net	<u><u>\$3,726,544</u></u>	<u><u>\$2,916,033</u></u>	<u><u>(\$53,463)</u></u>	<u><u>\$6,589,114</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 9 - CAPITAL ASSETS** (continued)

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$583
Vocational	321,944
Adult/Continuing	1,893
Support Services:	
Pupils	7,112
Instructional Staff	23,196
Board of Education	241
Administration	5,166
Fiscal	3,210
Operation and Maintenance of Plant	16,640
Pupil Transportation	5,916
Central	3,564
Operation of Non-Instruction Services:	
Food Service Operations	8,595
Total Depreciation Expense	<u>\$398,060</u>

**NOTE 10 - 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 2006, 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 \$14,033,015 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 fiscal years. There has been no significant reduction in coverage from the prior fiscal year.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 10 - RISK MANAGEMENT** (continued)

**B. Workers' Compensation Group Rating Plan**

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 18). 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 participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. 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 participants 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 19) 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.

**NOTE 11 - 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, by calling (800) 878-5853 or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org).

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (continued)

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 2006, 10.58 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, 2006, 2005, and 2004 were \$83,061, \$80,056, and \$60,793, respectively; 95.79 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

**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 STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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 30, 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 of 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.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (continued)

For the fiscal year ended June 30, 2006, 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 2005, the portion used to fund pension obligations was also 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, 2006, 2005, and 2004, were \$291,965, \$292,332, and \$283,916, respectively; 84.51 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$612 made by the School District and \$583 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2006, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - 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 partial 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 STRS Ohio 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, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$22,459 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (continued)

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$42,470.

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 projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive health care benefits.

**NOTE 13 - 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.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 14 – CAPITALIZED LEASE – LESSEE DISCLOSURE**

In fiscal year 2006, the School District entered into a lease-purchase agreement for the renovation of the school building. The School District is leasing the project from Fifth Third Bank. Fifth Third Bank will retain title to the project during the lease term. As part of the lease agreement, Fifth Third Bank deposited \$2,569,000 with a fiscal agent. As the project progresses, contractors will be paid through drawdowns from this account. A liability of \$2,569,000 was recorded on the Statement of Net Assets for governmental activities.

The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2006.

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2007	\$594,638
2008	594,638
2009	594,638
2010	594,638
2011	594,638
Total	2,973,190
Less: Amount Representing Interest	(404,190)
Present Value of Net Minimum Lease Payments	<u>\$2,569,000</u>

At fiscal year-end, the project was underway. The School District will begin making payments in fiscal year 2007. The principal amount owed on the lease at fiscal year-end is \$2,569,000.

At fiscal year-end, capital assets being constructed under this lease have been capitalized as construction in progress in the Statement of Net Assets for governmental activities in the amount of \$145,931.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2006 were as follows:

	Amount Outstanding 6/30/05	Additions	Deductions	Amount Outstanding 6/30/06	Amounts Due in One Year
<u>Governmental Activities:</u>					
2005 Facility Improvement and Equipment Replacement					
Loan - 0%	\$500,000	\$0	\$33,333	\$466,667	\$33,333
Compensated Absences	229,484	47,739	8,666	268,557	88,478
Capital Lease	0	2,569,000	0	2,569,000	464,210
Total Governmental Activities					
Long-Term Obligations	<u>\$729,484</u>	<u>\$2,616,739</u>	<u>\$41,999</u>	<u>\$3,304,224</u>	<u>\$586,021</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 2020. The loan will be retired from the Permanent Improvement Fund.

As of June 30, 2006, \$145,931 of the proceeds of this loan had been spent toward the project.

Principal requirements to retire the loan outstanding at June 30, 2006 are as follows:

Fiscal Year Ending June 30,	Equipment Replacement Loan Principal
2007	\$33,333
2008	33,333
2009	33,333
2010	33,333
2011	33,333
2012-2016	166,668
2017-2020	133,334
Total	<u>\$466,667</u>

Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$51,389,604 with an unvoted debt margin of \$570,996 at June 30, 2006.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

**NOTE 16 - INTERFUND ACTIVITY**

**A. Interfund Receivables/Payables**

As of June 30, 2006, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<b>Receivable</b>
	<u>General Fund</u>
<b>Payable</b>	
Nonmajor Governmental Funds	<u>\$71,397</u>

The amounts due to the General Fund from 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 Nonmajor Governmental Funds. All amounts are expected to be repaid within one year.

**B. Interfund Transfers**

Transfers made during the fiscal year ended June 30, 2006 were as follows:

		<b>Transfers From</b>				
				OSFC		
		General	Permanent	Vocational	Nonmajor	
		Fund	Improvement	Renovation	Governmental	
		<u>Fund</u>	<u>Fund</u>	<u>Project Fund</u>	<u>Funds</u>	<u>Totals</u>
<b>Transfers To</b>	Permanent Improvement Fund	\$0	\$0	\$60,000	\$0	\$60,000
	OSFC Locally Funded Initiative Fund	60,000	727,753	0	827,421	1,615,174
	Nonmajor Governmental Funds	111,054	0	0	0	111,054
	<b>Totals</b>	<u>\$171,054</u>	<u>\$727,753</u>	<u>\$60,000</u>	<u>\$827,421</u>	<u>\$1,786,228</u>

The transfers from the Permanent Improvement Fund and Nonmajor Governmental Funds to the OSFC Locally Funded Initiative Fund were made for use in the School District's building renovation project. The transfer from the OSFC Vocational Renovation Project Fund to the Permanent Improvement Fund was made to reimburse the Permanent Improvement Fund for monies spent on behalf of the OSFC Vocational Renovation Project Fund. Additional transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 16 - INTERFUND ACTIVITY** (continued)

**C. Advances To/From Other Funds**

As of June 30, 2006, receivables and payables that resulted from various long-term advances were as follows:

Advances To	<u>Advances From General Fund</u>
OSFC Vocational Renovation Project Fund	<u><u>\$350,000</u></u>

The advance from the General Fund to the OSFC Vocational Renovation Project Fund was made to cover expenditures in the OSFC Vocation Renovation Project Fund for which the School District is awaiting reimbursement from the Ohio School Facilities Commission. The General Fund will be reimbursed when the monies are received.

**NOTE 17 - 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 \$13,215 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, 2006

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**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS** (continued)

**B. Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools (the “Coalition”) 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 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 fiscal year.

**NOTE 18 – 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 fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 19 – PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL**

**Brown County Schools Benefits Consortium**

The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide 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. Six Brown County school districts (Eastern, Fayetteville-Perry, Georgetown, Ripley-Union-Lewis-Huntington, Southern Hills Joint Vocational and Western Brown Schools) have entered into an agreement with the Brown County Educational Service Center to form the Brown County Schools Benefits Consortium. The overall objectives of the consortium are to formulate and administer a program of medical and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with Medical Mutual of Ohio to provide medical insurance directly to consortium member employees. The School District pays premiums to the consortium based on employee membership. For dental coverage the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. 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. To obtain financial information write to Brown County Educational Service Center at 325 West State St., Georgetown, Ohio 45121.

**NOTE 20 - 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The School District is no longer required to set aside funds in the budget stabilization 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 fiscal year-end set-aside amounts. Disclosure of this information is required by State statute.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (continued)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2005	(\$557,438)	\$0	\$20,297
Current Fiscal Year Set-aside Requirement	64,642	64,642	0
Qualifying Disbursements	(241,601)	(229,214)	0
Totals	<u>(\$734,397)</u>	<u>(\$164,572)</u>	<u>\$20,297</u>
Set-aside Reserve Balance as of June 30, 2006	<u>\$0</u>	<u>\$0</u>	<u>\$20,297</u>
Required Set-aside Balances Carried Forward to FY 2007	<u>(\$734,397)</u>	<u>\$0</u>	<u>\$20,297</u>

Although the School District had offsets and qualifying disbursements during the fiscal 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 fiscal years. The capital acquisition negative amount is therefore not presented as being carried forward to the next fiscal year.

**NOTE 21 - 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, 2006.

**B. Litigation**

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

**NOTE 22 – CONSTRUCTION COMMITMENTS**

The School District contracted for the design and remodeling of the School District building. The project is anticipated to be completed in the 2007 fiscal year. The significant outstanding construction commitments at June 30, 2006 are as follows:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 22 – CONSTRUCTION COMMITMENTS** (continued)

<u>Contractor</u>	<u>Total Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/2006</u>
Matthew Toebben Construction	\$3,845,700	\$89,818	\$3,755,882
Weller's Plumbing and Heating, Inc.	380,150	64,032	316,118
Sidewinder Electric Company	1,407,900	257,291	1,150,609
Emerald Fire Protection	242,050	56,200	185,850
Industrial Communications and Sound, Inc.	597,748	0	597,748
Artic Heating and Air Conditioning	1,507,400	113,323	1,394,077
Steed Hammond Paul, Inc.	781,446	595,692	185,754
Utter Construction	303,798	264,258	39,540
Resource International	574,722	223,305	351,417

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Southern Hills Joint Vocational School

Combining and Individual Fund Statements and Schedules

*Southern Hills Joint Vocational School District  
Fund Descriptions*

*Special Revenue Funds*

Special Revenue Funds are used to account for 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 extracurricular 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.

**IMPROVING TEACHER QUALITY** - This fund accounts for federal funds used for teacher in-service days

**MISCELLANEOUS FEDERAL GRANTS** - This fund accounts for the proceeds of specific federal grants that are legally restricted to expenditures for specific purposes.

*Capital Projects Fund*

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*

**VOCATIONAL EDUCATION EQUIPMENT** – This fund accounts for resources received and expended for the replacement and updating of equipment essential for the instruction of students in job skills.

*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 Special Revenue Funds**  
**June 30, 2006**

	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Rotary</u>	<u>Adult Education</u>	<u>Public School Support</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$301,746	\$101,493	\$44,087	\$604,128	\$2,330
Materials and Supplies Inventory	4,027	0	0	0	0
Accrued Interest Receivable	2,197	0	0	0	0
Intergovernmental Receivable	5,221	0	0	11,863	0
Prepaid Items	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$313,191</u>	<u>\$101,493</u>	<u>\$44,087</u>	<u>\$615,991</u>	<u>\$2,330</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accrued Wages and Benefits	\$11,920	\$0	\$0	\$5,401	\$0
Interfund Payable	0	0	6,390	0	0
Intergovernmental Payable	6,235	0	0	1,858	0
Deferred Revenue	1,127	0	0	11,863	0
	<u>1,127</u>	<u>0</u>	<u>0</u>	<u>11,863</u>	<u>0</u>
<i>Total Liabilities</i>	<u>19,282</u>	<u>0</u>	<u>6,390</u>	<u>19,122</u>	<u>0</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	0	0	0	3,634	0
Unreserved, Undesignated (Deficit)	293,909	101,493	37,697	593,235	2,330
	<u>293,909</u>	<u>101,493</u>	<u>37,697</u>	<u>593,235</u>	<u>2,330</u>
<i>Total Fund Balances (Deficit)</i>	<u>293,909</u>	<u>101,493</u>	<u>37,697</u>	<u>596,869</u>	<u>2,330</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$313,191</u>	<u>\$101,493</u>	<u>\$44,087</u>	<u>\$615,991</u>	<u>\$2,330</u>

<u>Renewed Opportunity</u>	<u>Educational Management Information Systems</u>	<u>SchoolNet Professional Development</u>	<u>Technical Preparation Grant</u>
\$51,152	\$19,442	\$2,725	\$22,316
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>\$51,152</u>	<u>\$19,442</u>	<u>\$2,725</u>	<u>\$22,316</u>
\$900	\$0	\$0	\$0
0	0	0	0
0	0	0	0
0	0	0	0
<u>900</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
<u>50,252</u>	<u>19,442</u>	<u>2,725</u>	<u>22,316</u>
<u>50,252</u>	<u>19,442</u>	<u>2,725</u>	<u>22,316</u>
<u>\$51,152</u>	<u>\$19,442</u>	<u>\$2,725</u>	<u>\$22,316</u>

(continued)

**Southern Hills Joint Vocational School District**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2006**  
*(continued)*

	Miscellaneous State Grants	VEPD Grant	Title VI	Safe and Drug Free Schools	Tele- communications Act Grant
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,000	\$66,326	\$0	\$1,764	\$1,697
Materials and Supplies Inventory	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0
Intergovernmental	400	12,412	2,123	0	0
Prepaid Items	0	6,273	0	0	0
<i>Total Assets</i>	<u>\$1,400</u>	<u>\$85,011</u>	<u>\$2,123</u>	<u>\$1,764</u>	<u>\$1,697</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accrued Wages and Benefits	\$0	\$0	\$0	\$0	\$0
Interfund Payable	400	50,000	2,123	1,764	0
Intergovernmental Payable	0	0	0	0	0
Deferred Revenue	0	12,412	0	0	0
<i>Total Liabilities</i>	<u>400</u>	<u>62,412</u>	<u>2,123</u>	<u>1,764</u>	<u>0</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	1,000	26,761	0	0	0
Unreserved, Undesignated (Deficit)	0	(4,162)	0	0	1,697
<i>Total Fund Balances (Deficit)</i>	<u>1,000</u>	<u>22,599</u>	<u>0</u>	<u>0</u>	<u>1,697</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,400</u>	<u>\$85,011</u>	<u>\$2,123</u>	<u>\$1,764</u>	<u>\$1,697</u>

Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$0	\$7,700	\$1,227,906
0	0	4,027
0	0	2,197
2,890	0	34,909
0	0	6,273
<u>\$2,890</u>	<u>\$7,700</u>	<u>\$1,275,312</u>

\$0	\$0	\$18,221
3,020	7,700	71,397
0	0	8,093
2,890	0	28,292
<u>5,910</u>	<u>7,700</u>	<u>126,003</u>

0	0	31,395
<u>(3,020)</u>	<u>0</u>	<u>1,117,914</u>
<u>(3,020)</u>	<u>0</u>	<u>1,149,309</u>
<u>\$2,890</u>	<u>\$7,700</u>	<u>\$1,275,312</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, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$394,085	\$0	\$394,085
Interest	7,633	0	7,633
Tuition and Fees	127,879	0	127,879
Customer Sales and Services	141,743	0	141,743
Miscellaneous	3,284	0	3,284
<i>Total Revenues</i>	<u>674,624</u>	<u>0</u>	<u>674,624</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	3,259	0	3,259
Vocational	151,935	7,042	158,977
Adult/Continuing	132,561	0	132,561
Support Services:			
Pupils	166,447	0	166,447
Instructional Staff	26,125	0	26,125
Administration	130,747	0	130,747
Business	27,838	0	27,838
Operation and Maintenance of Plant	0	731	731
Pupil Transportation	6,485	0	6,485
Central	13,552	0	13,552
Operation of Non-Instructional Services	206,109	0	206,109
<i>Total Expenditures</i>	<u>865,058</u>	<u>7,773</u>	<u>872,831</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(190,434)</u>	<u>(7,773)</u>	<u>(198,207)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	111,054	0	111,054
Transfers Out	0	(827,421)	(827,421)
<i>Total Other Financing Sources (Uses)</i>	<u>111,054</u>	<u>(827,421)</u>	<u>(716,367)</u>
<i>Net Change in Fund Balances</i>	(79,380)	(835,194)	(914,574)
<i>Fund Balance at Beginning of Year</i>	<u>1,228,689</u>	<u>835,194</u>	<u>2,063,883</u>
<i>Fund Balance at End of Year</i>	<u>\$1,149,309</u>	<u>\$0</u>	<u>\$1,149,309</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, 2006*

	Lunchroom	Uniform School Supplies	Rotary	Adult Education	Public School Support
<b>Revenues</b>					
Intergovernmental	\$50,853	\$0	\$0	\$77,875	\$0
Interest	7,633	0	0	0	0
Tuition and Fees	0	25,085	0	102,794	0
Customer Sales and Services	79,378	0	62,365	0	0
Miscellaneous	0	0	0	0	3,284
<b>Total Revenues</b>	<b>137,864</b>	<b>25,085</b>	<b>62,365</b>	<b>180,669</b>	<b>3,284</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	0	0	0
Vocational	0	0	82,045	0	0
Adult/Continuing	0	0	0	132,561	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	0	0	0
Administration	0	0	0	116,854	3,123
Business	0	27,658	0	180	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	206,109	0	0	0	0
<b>Total Expenditures</b>	<b>206,109</b>	<b>27,658</b>	<b>82,045</b>	<b>249,595</b>	<b>3,123</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(68,245)</b>	<b>(2,573)</b>	<b>(19,680)</b>	<b>(68,926)</b>	<b>161</b>
<b>Other Financing Sources</b>					
Transfers In	61,000	0	0	50,000	0
<b>Net Change in Fund Balances</b>	<b>(7,245)</b>	<b>(2,573)</b>	<b>(19,680)</b>	<b>(18,926)</b>	<b>161</b>
<b>Fund Balance at Beginning of Year</b>	<b>301,154</b>	<b>104,066</b>	<b>57,377</b>	<b>615,795</b>	<b>2,169</b>
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$293,909</b>	<b>\$101,493</b>	<b>\$37,697</b>	<b>\$596,869</b>	<b>\$2,330</b>

(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, 2006  
 (continued)

	Renewed Opportunity	Educational Management Information System	OneNet	SchoolNet Professional Development	Technical Preparation Grant
<b>Revenues</b>					
Intergovernmental	\$59,188	\$5,000	\$3,000	\$2,725	\$9,205
Interest	0	0	0	0	0
Tuition and Fees	0	0	0	0	0
Customer Sales and Services	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<b>Total Revenues</b>	<b>59,188</b>	<b>5,000</b>	<b>3,000</b>	<b>2,725</b>	<b>9,205</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	0	0	0
Vocational	0	0	0	0	0
Adult/Continuing	0	0	0	0	0
Support Services:					
Pupils	71,151	0	0	0	0
Instructional Staff	0	0	3,000	5,573	0
Administration	0	0	0	0	0
Business	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	6,310	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0
<b>Total Expenditures</b>	<b>71,151</b>	<b>6,310</b>	<b>3,000</b>	<b>5,573</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(11,963)</b>	<b>(1,310)</b>	<b>0</b>	<b>(2,848)</b>	<b>9,205</b>
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	0
<b>Net Change in Fund Balances</b>	<b>(11,963)</b>	<b>(1,310)</b>	<b>0</b>	<b>(2,848)</b>	<b>9,205</b>
<b>Fund Balance at Beginning of Year</b>	<b>62,215</b>	<b>20,752</b>	<b>0</b>	<b>5,573</b>	<b>13,111</b>
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$50,252</b>	<b>\$19,442</b>	<b>\$0</b>	<b>\$2,725</b>	<b>\$22,316</b>

Miscellaneous State Grants	VEPD Grant	Title VI	Safe and Drug Free Schools
\$8,400	\$159,609	\$2,359	\$1,960
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
8,400	159,609	2,359	1,960
0	0	3,259	0
4,000	60,508	0	0
0	0	0	0
0	89,984	0	1,960
0	6,498	0	0
4,400	6,370	0	0
0	0	0	0
0	0	0	0
0	7,242	0	0
0	0	0	0
8,400	170,602	3,259	1,960
0	(10,993)	(900)	0
0	54	0	0
0	(10,939)	(900)	0
1,000	33,538	900	0
\$1,000	\$22,599	\$0	\$0

(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, 2006*  
*(continued)*

	Tele- communications Act Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<b>Revenues</b>				
Intergovernmental	\$0	(\$1,089)	\$15,000	\$394,085
Interest	0	0	0	7,633
Tuition and Fees	0	0	0	127,879
Customer Sales and Services	0	0	0	141,743
Miscellaneous	0	0	0	3,284
<i>Total Revenues</i>	<u>0</u>	<u>(1,089)</u>	<u>15,000</u>	<u>674,624</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	0	3,259
Vocational	0	0	5,382	151,935
Adult/Continuing	0	0	0	132,561
Support Services:				
Pupils	0	0	3,352	166,447
Instructional Staff	4,055	6,999	0	26,125
Administration	0	0	0	130,747
Business	0	0	0	27,838
Pupil Transportation	0	0	6,485	6,485
Central	0	0	0	13,552
Operation of Non-Instructional Services	0	0	0	206,109
<i>Total Expenditures</i>	<u>4,055</u>	<u>6,999</u>	<u>15,219</u>	<u>865,058</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,055)	(8,088)	(219)	(190,434)
<b>Other Financing Sources</b>				
Transfers In	0	0	0	111,054
<i>Net Change in Fund Balances</i>	(4,055)	(8,088)	(219)	(79,380)
<i>Fund Balance at Beginning of Year</i>	<u>5,752</u>	<u>5,068</u>	<u>219</u>	<u>1,228,689</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$1,697</u>	<u>(\$3,020)</u>	<u>\$0</u>	<u>\$1,149,309</u>

**Southern Hills Joint Vocational School**  
*Statement of Changes in Fiduciary Assets and Liabilities*  
*Agency Fund*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Balance at 6/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/06</u>
<b><u>STUDENT MANAGED ACTIVITY</u></b>				
<i>Assets</i>				
Equity in Pooled Cash and Cash Equivalents	<u>\$27,545</u>	<u>\$46,846</u>	<u>\$53,021</u>	<u>\$21,370</u>
<i>Liabilities</i>				
Undistributed Monies	<u>\$27,545</u>	<u>\$46,846</u>	<u>\$53,021</u>	<u>\$21,370</u>

Southern Hills Joint Vocational School District

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$1,921,975	\$1,674,174	\$1,674,578	\$404
Intergovernmental	3,020,839	3,452,325	3,453,930	1,605
Tuition and Fees	5,250	6,000	14,755	8,755
Rent	2,493	2,849	2,849	0
Gifts and Donations	1,094	1,250	1,325	75
Customer Sales and Services	1,094	1,250	2,017	767
Miscellaneous	8,360	9,555	9,555	0
<b>Total Revenues</b>	<b>4,961,105</b>	<b>5,147,403</b>	<b>5,159,009</b>	<b>11,606</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	147,885	167,325	166,483	842
Fringe Benefits	41,460	51,196	50,445	751
Purchased Services	1,300	1,300	0	1,300
Materials and Supplies	9,250	9,250	6,564	2,686
Capital Outlay - New	400	900	378	522
<b>Total Regular</b>	<b>200,295</b>	<b>229,971</b>	<b>223,870</b>	<b>6,101</b>
Vocational:				
Salaries and Wages	1,686,549	1,714,218	1,679,942	34,276
Fringe Benefits	529,311	549,247	540,389	8,858
Purchased Services	82,372	244,752	214,630	30,122
Materials and Supplies	247,799	309,429	245,276	64,153
Capital Outlay - New	323,364	299,380	247,203	52,177
<b>Total Vocational</b>	<b>2,869,395</b>	<b>3,117,026</b>	<b>2,927,440</b>	<b>189,586</b>
<b>Total Instruction</b>	<b>3,069,690</b>	<b>3,346,997</b>	<b>3,151,310</b>	<b>195,687</b>
Support Services:				
Pupils:				
Salaries and Wages	118,405	118,404	118,404	0
Fringe Benefits	49,600	51,959	51,775	184
Purchased Services	5,300	10,380	6,191	4,189
Materials and Supplies	2,900	7,000	851	6,149
Capital Outlay - New	700	700	0	700
<b>Total Pupils</b>	<b>176,905</b>	<b>188,443</b>	<b>177,221</b>	<b>11,222</b>
Instructional Staff:				
Salaries and Wages	53,121	56,121	53,621	2,500
Fringe Benefits	18,366	19,509	19,044	465
Purchased Services	4,750	4,750	281	4,469
Materials and Supplies	9,000	9,225	5,527	3,698
Capital Outlay - New	1,000	1,000	783	217
<b>Total Instructional Staff</b>	<b>\$86,237</b>	<b>\$90,605</b>	<b>\$79,256</b>	<b>\$11,349</b>

*(continued)*

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General*  
*For the Fiscal Year Ended June 30, 2006*  
*(continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Board of Education:				
Salaries and Wages	\$10,000	\$10,000	\$7,860	\$2,140
Fringe Benefits	2,895	2,886	2,544	342
Purchased Services	23,975	23,975	12,910	11,065
Capital Outlay - New	1,000	1,000	0	1,000
Other	17,500	17,500	16,491	1,009
<b>Total Board of Education</b>	<b>55,370</b>	<b>55,361</b>	<b>39,805</b>	<b>15,556</b>
Administration:				
Salaries and Wages	277,201	275,917	273,482	2,435
Fringe Benefits	135,081	128,057	113,041	15,016
Purchased Services	11,869	12,029	6,601	5,428
Materials and Supplies	28,483	28,483	17,796	10,687
Capital Outlay - New	16,700	20,240	20,235	5
<b>Total Administration</b>	<b>469,334</b>	<b>464,726</b>	<b>431,155</b>	<b>33,571</b>
Fiscal:				
Salaries and Wages	182,546	205,546	171,068	34,478
Fringe Benefits	69,582	63,083	61,860	1,223
Purchased Services	9,218	9,218	7,669	1,549
Materials and Supplies	5,000	5,000	2,108	2,892
Capital Outlay - New	3,000	2,000	938	1,062
Other	83,950	84,552	61,353	23,199
<b>Total Fiscal</b>	<b>353,296</b>	<b>369,399</b>	<b>304,996</b>	<b>64,403</b>
Business:				
Salaries and Wages	18,250	22,277	20,988	1,289
Fringe Benefits	2,895	4,203	3,998	205
Other	50	50	46	4
<b>Total Business</b>	<b>21,195</b>	<b>26,530</b>	<b>25,032</b>	<b>1,498</b>
Operation and Maintenance of Plant:				
Salaries and Wages	146,576	156,671	144,145	12,526
Fringe Benefits	60,977	64,954	61,034	3,920
Purchased Services	298,071	239,096	207,831	31,265
Materials and Supplies	85,574	87,074	55,496	31,578
Capital Outlay - New	10,000	16,575	16,551	24
Capital Outlay - Replacement	3,000	3,000	0	3,000
<b>Total Operation and Maintenance of Plant</b>	<b>604,198</b>	<b>567,370</b>	<b>485,057</b>	<b>82,313</b>
Pupil Transportation:				
Salaries and Wages	7,000	7,000	6,538	462
Fringe Benefits	2,203	2,345	1,240	1,105
Purchased Services	15,500	15,500	12,935	2,565
Materials and Supplies	8,500	13,800	10,747	3,053
<b>Total Pupil Transportation</b>	<b>\$33,203</b>	<b>\$38,645</b>	<b>\$31,460</b>	<b>\$7,185</b>

*(continued)*

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General*  
*For the Fiscal Year Ended June 30, 2006*  
*(continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Central:				
Salaries and Wages	\$2,500	\$500	\$0	\$500
Fringe Benefits	440	90	0	90
Purchased Services	39,500	42,000	20,849	21,151
Materials and Supplies	5,000	9,289	9,289	0
<b>Total Central</b>	<b>47,440</b>	<b>51,879</b>	<b>30,138</b>	<b>21,741</b>
<b>Total Support Services</b>	<b>1,847,178</b>	<b>1,852,958</b>	<b>1,604,120</b>	<b>248,838</b>
Extracurricular Activities:				
Occupational Oriented Activities:				
Salaries and Wages	0	6,000	6,000	0
Fringe Benefits	0	930	919	11
<b>Total Extracurricular Activities</b>	<b>0</b>	<b>6,930</b>	<b>6,919</b>	<b>11</b>
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	5,000	5,000	396	4,604
Other Facilities Acquisition and Construction Services:				
Capital Outlay - New	20,000	20,000	0	20,000
<b>Total Capital Outlay</b>	<b>25,000</b>	<b>25,000</b>	<b>396</b>	<b>24,604</b>
<b>Total Expenditures</b>	<b>4,941,868</b>	<b>5,231,885</b>	<b>4,762,745</b>	<b>469,140</b>
Excess of Revenues Over (Under) Expenditures	19,237	(84,482)	396,264	480,746
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	2,000	1,735	(265)
Refund of Prior Year Expenditures	0	642	866	224
Refund of Prior Year Receipts	(250)	(250)	(230)	20
Advances In	0	176,000	175,732	(268)
Advances Out	(100,000)	(320,000)	(315,506)	4,494
Transfers Out	(225,000)	(225,000)	(172,054)	52,946
<b>Total Other Financing Sources (Uses)</b>	<b>(325,250)</b>	<b>(366,608)</b>	<b>(309,457)</b>	<b>57,151</b>
Net Change in Fund Balance	(306,013)	(451,090)	86,807	537,897
Fund Balance at Beginning of Year	3,017,073	3,017,073	3,017,073	0
Prior Year Encumbrances Appropriated	108,596	108,596	108,596	0
<b>Fund Balance at End of Year</b>	<b>\$2,819,656</b>	<b>\$2,674,579</b>	<b>\$3,212,476</b>	<b>\$537,897</b>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Permanent Improvement*  
*For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$305,650	\$336,116	\$336,105	(\$11)
Intergovernmental	27,788	33,735	33,786	51
Interest	167,212	203,000	221,555	18,555
<b>Total Revenues</b>	<b>500,650</b>	<b>572,851</b>	<b>591,446</b>	<b>18,595</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational:				
Capital Outlay - New	50,000	0	0	0
Support Services:				
Fiscal:				
Other	2,183	18,928	9,509	9,419
Operation and Maintenance of Plant:				
Purchased Services	542,360	23,594	7,760	15,834
Capital Outlay - Replacement	1,000	1,972	1,972	0
<b>Total Operation and Maintenance of Plant</b>	<b>543,360</b>	<b>25,566</b>	<b>9,732</b>	<b>15,834</b>
<b>Total Support Services</b>	<b>545,543</b>	<b>44,494</b>	<b>19,241</b>	<b>25,253</b>
Capital Outlay:				
Site Improvement Services:				
Purchased Services	0	627	61	566
Capital Outlay - Replacement	259,450	270,979	13,051	257,928
<b>Total Site Improvement Services</b>	<b>259,450</b>	<b>271,606</b>	<b>13,112</b>	<b>258,494</b>
Building Improvement Services:				
Capital Outlay - New	4,600	4,600	4,600	0
Other Facilities Acquisition and Construction Services:				
Capital Outlay - Replacement	0	9,450	8,359	1,091
<b>Total Capital Outlay</b>	<b>264,050</b>	<b>285,656</b>	<b>26,071</b>	<b>259,585</b>
Debt Service:				
Principal Retirement	33,333	33,333	33,333	0
<b>Total Expenditures</b>	<b>892,926</b>	<b>363,483</b>	<b>78,645</b>	<b>284,838</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(392,276)</b>	<b>209,368</b>	<b>512,801</b>	<b>303,433</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	87,930	87,930	0
Transfers Out	0	(727,753)	(727,753)	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(639,823)</b>	<b>(639,823)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(392,276)</b>	<b>(430,455)</b>	<b>(127,022)</b>	<b>303,433</b>
<b>Fund Balance at Beginning of Year</b>	<b>802,986</b>	<b>802,986</b>	<b>802,986</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>222,760</b>	<b>222,760</b>	<b>222,760</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b>\$633,470</b>	<b>\$595,291</b>	<b>\$898,724</b>	<b>\$303,433</b>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*OSFC Locally Funded Initiative*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	0	20,649	20,649	0
Architecture and Engineering Services:				
Purchased Services	0	122,882	122,882	0
<b>Total Expenditures</b>	<b>0</b>	<b>143,531</b>	<b>143,531</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	0	(143,531)	(143,531)	0
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	1,615,174	1,615,174	0
Net Change in Fund Balance	0	1,471,643	1,471,643	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$1,471,643</u>	<u>\$1,471,643</u>	<u>\$0</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*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, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$4,590,388	\$1,910,222	\$3,243,233	\$1,333,011
Interest	9,612	4,000	8,845	4,845
<b>Total Revenues</b>	<b>4,600,000</b>	<b>1,914,222</b>	<b>3,252,078</b>	<b>1,337,856</b>
<b>Expenditures</b>				
Capital Outlay:				
Site Improvement Services:				
Purchased Services	32,222	291,068	277,099	13,969
Materials and Supplies	0	60	60	0
Capital Outlay - New	500,000	2,128,944	884,462	1,244,482
Capital Outlay - Replacement	1,360,000	1,362,562	1,506	1,361,056
Other	0	40	40	0
<b>Total Site Improvement Services</b>	<b>1,892,222</b>	<b>3,782,674</b>	<b>1,163,167</b>	<b>2,619,507</b>
Architecture and Engineering Services:				
Purchased Services	450,000	915,765	909,062	6,703
<b>Total Expenditures</b>	<b>2,342,222</b>	<b>4,698,439</b>	<b>2,072,229</b>	<b>2,626,210</b>
Excess of Revenues Over (Under) Expenditures	2,257,778	(2,784,217)	1,179,849	3,964,066
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Notes	0	2,569,000	2,569,000	0
Advances In	0	250,000	250,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>2,819,000</b>	<b>2,819,000</b>	<b>0</b>
Net Change in Fund Balance	2,257,778	34,783	3,998,849	3,964,066
Fund Balance at Beginning of Year	500,000	500,000	500,000	0
Fund Balance at End of Year	<u>\$2,757,778</u>	<u>\$534,783</u>	<u>\$4,498,849</u>	<u>\$3,964,066</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Lunchroom  
For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$65,677	\$43,250	\$46,925	\$3,675
Interest	11,389	7,500	8,770	1,270
Customer Sales and Services	117,384	77,300	79,378	2,078
<i>Total Revenues</i>	<u>194,450</u>	<u>128,050</u>	<u>135,073</u>	<u>7,023</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	76,537	80,537	75,056	5,481
Fringe Benefits	52,026	56,667	55,894	773
Purchased Services	1,050	1,050	594	456
Materials and Supplies	95,000	95,000	63,007	31,993
Capital Outlay - New	3,500	14,900	14,853	47
Other	50	50	5	45
<i>Total Expenditures</i>	<u>228,163</u>	<u>248,204</u>	<u>209,409</u>	<u>38,795</u>
Excess of Revenues Over (Under) Expenditures	(33,713)	(120,154)	(74,336)	45,818
<b>Other Financing Sources</b>				
Transfers In	<u>0</u>	<u>61,000</u>	<u>61,000</u>	<u>0</u>
Net Change in Fund Balance	(33,713)	(59,154)	(13,336)	45,818
Fund Balance at Beginning of Year	<u>317,504</u>	<u>317,504</u>	<u>317,504</u>	<u>0</u>
Fund Balance at End of Year	<u>\$283,791</u>	<u>\$258,350</u>	<u>\$304,168</u>	<u>\$45,818</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><i>Revenues</i></b>				
Tuition and Fees	\$27,850	\$24,750	\$25,085	\$335
<b><i>Expenditures</i></b>				
Current:				
Support Services:				
Business:				
Materials and Supplies	38,000	38,245	27,658	10,587
Other	250	250	0	250
<b><i>Total Expenditures</i></b>	<u>38,250</u>	<u>38,495</u>	<u>27,658</u>	<u>10,837</u>
Net Change in Fund Balance	(10,400)	(13,745)	(2,573)	11,172
Fund Balance at Beginning of Year	<u>104,065</u>	<u>104,065</u>	<u>104,065</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$93,665</u></u>	<u><u>\$90,320</u></u>	<u><u>\$101,492</u></u>	<u><u>\$11,172</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Rotary*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Customer Sales and Services	\$109,428	\$55,735	\$57,084	\$1,349
Miscellaneous	9,247	4,710	5,281	571
<i>Total Revenues</i>	<u>118,675</u>	<u>60,445</u>	<u>62,365</u>	<u>1,920</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational:				
Fringe Benefits	4,547	4,547	4,547	0
Purchased Services	700	1,925	1,780	145
Materials and Supplies	127,045	88,024	75,293	12,731
<i>Total Expenditures</i>	<u>132,292</u>	<u>94,496</u>	<u>81,620</u>	<u>12,876</u>
Excess of Revenues Over (Under) Expenditures	(13,617)	(34,051)	(19,255)	14,796
<b>Other Financing Uses</b>				
Transfers Out	(23,000)	(23,000)	(500)	22,500
Net Change in Fund Balance	(36,617)	(57,051)	(19,755)	37,296
Fund Balance at Beginning of Year	<u>63,844</u>	<u>63,844</u>	<u>63,844</u>	<u>0</u>
Fund Balance at End of Year	<u>\$27,227</u>	<u>\$6,793</u>	<u>\$44,089</u>	<u>\$37,296</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Adult Education*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$154,304	\$78,000	\$77,875	(\$125)
Tuition and Fees	164,196	83,000	102,794	19,794
<i>Total Revenues</i>	<u>318,500</u>	<u>161,000</u>	<u>180,669</u>	<u>19,669</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing:				
Salaries and Wages	156,500	156,500	84,170	72,330
Fringe Benefits	27,775	27,757	13,644	14,113
Purchased Services	46,918	34,448	14,815	19,633
Materials and Supplies	41,831	42,930	27,550	15,380
Capital Outlay - New	7,500	7,500	2,086	5,414
Total Instruction	<u>280,524</u>	<u>269,135</u>	<u>142,265</u>	<u>126,870</u>
Support Services:				
Administration:				
Salaries and Wages	71,676	73,416	73,058	358
Fringe Benefits	37,432	42,675	42,663	12
Materials and Supplies	1,200	1,200	443	757
Capital Outlay - New	1,000	76	0	76
Total Administration	<u>111,308</u>	<u>117,367</u>	<u>116,164</u>	<u>1,203</u>
Business:				
Other	<u>675</u>	<u>675</u>	<u>180</u>	<u>495</u>
Total Support Services	<u>111,983</u>	<u>118,042</u>	<u>116,344</u>	<u>1,698</u>
<i>Total Expenditures</i>	<u>392,507</u>	<u>387,177</u>	<u>258,609</u>	<u>128,568</u>
Excess of Revenues Over (Under) Expenditures	(74,007)	(226,177)	(77,940)	148,237
<b>Other Financing Sources</b>				
Transfers In	<u>0</u>	<u>55,000</u>	<u>50,000</u>	<u>(5,000)</u>
Net Change in Fund Balance	(74,007)	(171,177)	(27,940)	143,237
Fund Balance at Beginning of Year	613,431	613,431	613,431	0
Prior Year Encumbrances Appropriated	<u>15,004</u>	<u>15,004</u>	<u>15,004</u>	<u>0</u>
Fund Balance at End of Year	<u>\$554,428</u>	<u>\$457,258</u>	<u>\$600,495</u>	<u>\$143,237</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*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, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues</b>				
Miscellaneous	\$3,500	\$3,150	\$3,284	\$134
<b>Expenditures</b>				
Current:				
Support Services:				
Administration:				
Materials and Supplies	4,500	4,500	3,123	1,377
Net Change in Fund Balance	(1,000)	(1,350)	161	1,511
Fund Balance at Beginning of Year	2,169	2,169	2,169	0
Fund Balance at End of Year	<u>\$1,169</u>	<u>\$819</u>	<u>\$2,330</u>	<u>\$1,511</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Renewed Opportunity  
For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
<b>Revenues</b>				
Intergovernmental	<u>\$43,591</u>	<u>\$59,188</u>	<u>\$59,188</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	35,226	42,600	33,060	9,540
Fringe Benefits	14,654	17,275	16,065	1,210
Purchased Services	35,254	34,233	21,911	12,322
Materials and Supplies	<u>1,500</u>	<u>45</u>	<u>45</u>	<u>0</u>
<b>Total Expenditures</b>	<u>86,634</u>	<u>94,153</u>	<u>71,081</u>	<u>23,072</u>
Net Change in Fund Balance	(43,043)	(34,965)	(11,893)	23,072
Fund Balance at Beginning of Year	<u>63,049</u>	<u>63,049</u>	<u>63,049</u>	<u>0</u>
Fund Balance at End of Year	<u>\$20,006</u>	<u>\$28,084</u>	<u>\$51,156</u>	<u>\$23,072</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Educational Management Information Systems*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Salaries and Wages	5,000	5,000	0	5,000
Fringe Benefits	825	825	0	825
Purchased Services	9,000	9,000	5,522	3,478
Materials and Supplies	1,000	1,000	0	1,000
Capital Outlay - New	3,000	3,000	788	2,212
<b>Total Expenditures</b>	<u>18,825</u>	<u>18,825</u>	<u>6,310</u>	<u>12,515</u>
Net Change in Fund Balance	(13,825)	(13,825)	(1,310)	12,515
Fund Balance at Beginning of Year	<u>20,753</u>	<u>20,753</u>	<u>20,753</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$6,928</u></u>	<u><u>\$6,928</u></u>	<u><u>\$19,443</u></u>	<u><u>\$12,515</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*OneNet*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><i>Revenues</i></b>				
Intergovernmental	\$0	\$3,000	\$3,000	\$0
<b><i>Expenditures</i></b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>0</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**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$0	\$2,725	\$2,725	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>5,573</u>	<u>8,298</u>	<u>5,573</u>	<u>2,725</u>
Net Change in Fund Balance	(5,573)	(5,573)	(2,848)	2,725
Fund Balance at Beginning of Year	<u>5,573</u>	<u>5,573</u>	<u>5,573</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,725</u></u>	<u><u>\$2,725</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$1,425	\$9,205	\$9,205	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational:				
Capital Outlay - Replacement	14,536	14,536	0	14,536
Excess of Revenues Over (Under) Expenditures	(13,111)	(5,331)	9,205	14,536
<b>Other Financing Uses</b>				
Advances Out	(34,500)	(34,500)	(34,500)	0
Net Change in Fund Balance	(47,611)	(39,831)	(25,295)	14,536
Fund Balance at Beginning of Year	47,611	47,611	47,611	0
Fund Balance at End of Year	\$0	\$7,780	\$22,316	\$14,536

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$2,430	\$10,830	\$10,430	(\$400)
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	3,457	3,457	3,457	0
Fringe Benefits	543	543	543	0
Total Instruction	4,000	4,000	4,000	0
Support Services:				
Administration:				
Purchased Services	0	4,400	4,400	0
Operation and Maintenance of Plant:				
Purchased Services	1,000	1,000	1,000	0
Total Support Services	1,000	5,400	5,400	0
<b>Total Expenditures</b>	5,000	9,400	9,400	0
Excess of Revenues Over (Under) Expenditures	(2,570)	1,430	1,030	(400)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	400	400
Advances Out	(4,600)	(4,600)	(4,600)	0
<b>Total Other Financing Sources (Uses)</b>	(4,600)	(4,600)	(4,200)	400
Net Change in Fund Balance	(7,170)	(3,170)	(3,170)	0
Fund Balance at Beginning of Year	2,170	2,170	2,170	0
Prior Year Encumbrances Appropriated	1,000	1,000	1,000	0
Fund Balance at End of Year	(\$4,000)	\$0	\$0	\$0

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*VEPD Grant*  
*For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$216,377	\$213,542	\$201,117	(\$12,425)
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	48,350	51,138	51,138	0
Fringe Benefits	14,398	15,114	15,114	0
Purchased Services	0	1,968	1,968	0
Materials and Supplies	3,980	3,273	3,262	11
Total Instruction	66,728	71,493	71,482	11
Support Services:				
Pupils:				
Salaries and Wages	72,133	66,802	66,802	0
Fringe Benefits	18,589	17,748	17,748	0
Purchased Services	5,894	13,002	13,002	0
Materials and Supplies	14,684	13,431	13,431	0
Total Pupils	111,300	110,983	110,983	0
Instructional Staff:				
Purchased Services	4,754	6,498	6,498	0
Administration:				
Salaries and Wages	5,000	5,000	5,000	0
Fringe Benefits	763	763	763	0
Materials and Supplies	702	672	672	0
Total Administration	6,465	6,435	6,435	0
Central:				
Purchased Services	7,500	7,242	7,242	0
Materials and Supplies	2,942	1,998	0	1,998
Total Central	10,442	9,240	7,242	1,998
Total Support Services	132,961	133,156	131,158	1,998
<b>Total Expenditures</b>	<b>199,689</b>	<b>204,649</b>	<b>202,640</b>	<b>2,009</b>
Excess of Revenues Over (Under) Expenditures	16,688	8,893	(1,523)	(10,416)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	37,574	50,000	12,426
Advances Out	(119,000)	(120,000)	(120,000)	0
Transfers In	0	54	54	0
<b>Total Other Financing Sources (Uses)</b>	<b>(119,000)</b>	<b>(82,372)</b>	<b>(69,946)</b>	<b>12,426</b>
Net Change in Fund Balance	(102,312)	(73,479)	(71,469)	2,010
Fund Balance at Beginning of Year	80,352	80,352	80,352	0
Prior Year Encumbrances Appropriated	30,697	30,697	30,697	0
Fund Balance at End of Year	<u>\$8,737</u>	<u>\$37,570</u>	<u>\$39,580</u>	<u>\$2,010</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**

*Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Title VI  
For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$3,568	\$5,927	\$3,804	(\$2,123)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular Instruction:				
Materials and Supplies	3,261	3,259	3,259	0
Excess of Revenues Over (Under) Expenditures	307	2,668	545	(2,123)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	2,123	2,123
Advances Out	(7,803)	(7,803)	(7,803)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(7,803)</b>	<b>(7,803)</b>	<b>(5,680)</b>	<b>2,123</b>
Net Change in Fund Balance	(7,496)	(5,135)	(5,135)	0
Fund Balance at Beginning of Year	4,911	4,911	4,911	0
Prior Year Encumbrances Appropriated	224	224	224	0
Fund Balance at End of Year	<u>(\$2,361)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$1,983	\$3,943	\$3,943	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Purchased Services	<u>1,960</u>	<u>1,960</u>	<u>1,960</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>23</u>	<u>1,983</u>	<u>1,983</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	1,764	1,764	0
Advances Out	<u>(2,778)</u>	<u>(2,778)</u>	<u>(2,778)</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,778)</u>	<u>(1,014)</u>	<u>(1,014)</u>	<u>0</u>
Net Change in Fund Balance	(2,755)	969	969	0
Fund Balance at Beginning of Year	<u>795</u>	<u>795</u>	<u>795</u>	<u>0</u>
Fund Balance at End of Year	<u><u>(\$1,960)</u></u>	<u><u>\$1,764</u></u>	<u><u>\$1,764</u></u>	<u><u>\$0</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Telecommunications Act Grant*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>5,752</u>	<u>4,055</u>	<u>4,055</u>	<u>0</u>
Net Change in Fund Balance	(5,752)	(4,055)	(4,055)	0
Fund Balance at Beginning of Year	<u>5,752</u>	<u>5,752</u>	<u>5,752</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$1,697</u></u>	<u><u>\$1,697</u></u>	<u><u>\$0</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Improving Teacher Quality*  
*For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$3,279	\$6,635	\$3,615	(\$3,020)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	6,999	6,999	6,999	0
Excess of Revenues Under Expenditures	(3,720)	(364)	(3,384)	(3,020)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	3,020	3,020
Advances Out	(3,279)	(3,279)	(3,279)	0
<b>Total Other Financing Sources (Uses)</b>	(3,279)	(3,279)	(259)	3,020
Net Change in Fund Balance	(6,999)	(3,643)	(3,643)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	3,643	3,643	3,643	0
Fund Balance at End of Year	(\$3,356)	\$0	\$0	\$0

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Miscellaneous Federal Grants*  
*For the Fiscal Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$0	\$15,000	\$15,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	2,250	2,250	2,250	0
Fringe Benefits	383	383	383	0
Purchased Services	1,500	1,500	1,500	0
Materials and Supplies	500	500	500	0
Capital Outlay - New	750	750	750	0
Total Instruction	5,383	5,383	5,383	0
Support Services:				
Pupils:				
Salaries and Wages	2,250	2,250	2,250	0
Fringe Benefits	383	383	383	0
Purchased Services	500	500	500	0
Materials and Supplies	219	219	219	0
Total Pupils	3,352	3,352	3,352	0
Pupil Transportation:				
Purchased Services	750	750	750	0
Materials and Supplies	5,735	5,735	5,735	0
Total Pupil Transportation	6,485	6,485	6,485	0
Total Support Services	9,837	9,837	9,837	0
<b>Total Expenditures</b>	15,220	15,220	15,220	0
Excess of Revenues Under Expenditures	(15,220)	(220)	(220)	0
<b>Other Financing Sources (Uses)</b>				
Advances In	0	5,000	7,700	2,700
Advances Out	(2,500)	(2,500)	(2,500)	0
<b>Total Other Financing Sources (Uses)</b>	(2,500)	2,500	5,200	2,700
Net Change in Fund Balance	(17,720)	2,280	4,980	2,700
Fund Balance at Beginning of Year	2,500	2,500	2,500	0
Prior Year Encumbrances Appropriated	219	219	219	0
Fund Balance at End of Year	(\$15,001)	\$4,999	\$7,699	\$2,700

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational Instruction:				
Capital Outlay - New	\$157,096	\$7,042	\$7,042	\$0
Support Services:				
Operation and Maintenance of Plant:				
Capital Outlay - New	5,725	731	731	0
Total Support Services	5,725	731	731	0
<b>Total Expenditures</b>	162,821	7,773	7,773	0
<b>Other Financing Sources</b>				
Transfers Out	0	(827,421)	(827,421)	0
Net Change in Fund Balance	(162,821)	(835,194)	(835,194)	0
Fund Balance at Beginning of Year	827,373	827,373	827,373	0
Prior Year Encumbrances Appropriated	7,821	7,821	7,821	0
Fund Balance at End of Year	<u>\$672,373</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

# **STATISTICAL SECTION**

## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	S2-S13
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	S14-S18
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S19-S23
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	S24-S25
<b>Operating Information</b> These schedules contain service data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S26-S32

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year. The School District implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that fiscal year.

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**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Net Assets by Component  
Last Five Fiscal Years  
(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><i>Governmental Activities</i></b>			
Invested in Capital Assets, Net of Related Debt	\$3,842,441	\$3,729,348	\$3,683,672
Restricted for:			
Capital Outlay	1,411,034	1,652,749	1,737,212
Other Purposes	396,916	1,100,302	1,158,339
Set Asides	0	0	48,505
Unrestricted (Deficit)	<u>2,383,566</u>	<u>2,679,571</u>	<u>2,809,199</u>
Total Governmental Activities Net Assets	<u>8,033,957</u>	<u>9,161,970</u>	<u>9,436,927</u>
<b><i>Business-type Activities</i></b>			
Invested in Capital Assets, Net of Related Debt	5,734	0	0
Unrestricted	<u>514,669</u>	<u>0</u>	<u>0</u>
Total Business-type Activities Net Assets	<u>520,403</u>	<u>0</u>	<u>0</u>
<b>Primary Government</b>			
Invested in Capital Assets, Net of Related Debt	3,848,175	3,729,348	3,683,672
Restricted	1,807,950	2,753,051	2,944,056
Unrestricted	<u>2,898,235</u>	<u>2,679,571</u>	<u>2,809,199</u>
Total Primary Government Net Assets	<u><u>\$8,554,360</u></u>	<u><u>\$9,161,970</u></u>	<u><u>\$9,436,927</u></u>

<u>2005</u>	<u>2006</u>
\$3,726,544	\$4,053,447
1,712,865	9,353,818
1,237,748	1,174,010
20,297	20,297
<u>3,120,393</u>	<u>3,365,422</u>
<u>9,817,847</u>	<u>17,966,994</u>
0	0
<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>
3,726,544	4,053,447
2,970,910	10,548,125
<u>3,120,393</u>	<u>3,365,422</u>
<u><u>\$9,817,847</u></u>	<u><u>\$17,966,994</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Changes in Net Assets  
Last Five Fiscal Years

	2002	2003	2004
<b>Expenses</b>			
Governmental Activities:			
Regular Instruction	\$136,871	\$143,681	\$140,266
Vocational Instruction	2,774,383	2,967,743	3,090,159
Adult/Continuing Instruction	3,972	0	202,395
Pupil Support	295,848	310,476	330,181
Instructional Staff Support	99,619	122,202	114,036
Board of Education	29,791	30,652	36,002
Administration	346,171	374,406	505,658
Fiscal	271,754	295,554	311,520
Business	17,169	16,112	38,876
Operation and Maintenance of Plant	454,708	492,466	598,992
Pupil Transportation	39,140	41,998	31,712
Central Support	61,885	49,797	51,418
Operation of Non-Instructional Services	175,017	190,762	176,821
Extracurricular Activities	4,770	17,761	7,373
<i>Total Governmental Activities Expenses</i>	<u>4,711,098</u>	<u>5,053,610</u>	<u>5,635,409</u>
Business-type Activities:			
Adult Education	242,070	280,506	0
Customer Services	66,096	55,538	0
Uniform Supply	21,494	28,110	0
<i>Total Business-type Activities Expenses</i>	<u>329,660</u>	<u>364,154</u>	<u>0</u>
<i>Total Expenses</i>	<u>5,040,758</u>	<u>5,417,764</u>	<u>5,635,409</u>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services and Sales			
Regular Instruction	12,673	12,035	25,784
Vocational Instruction	27,062	0	82,316
Adult/Continuing Instruction	0	0	135,948
Pupil Support	17,778	15,500	15,500
Administration	0	0	72,936
Business	0	0	23,502
Operation and Maintenance of Plant	7,549	0	0
Operation of Non-Instructional Services	81,787	74,044	79,969
Extracurricular Activities	0	0	655
Operating Grants and Contributions	1,324,381	1,367,599	1,520,877
Capital Grants and Contributions	25,683	3,443	0
<i>Total Governmental Activities Program Revenues</i>	<u>\$1,496,913</u>	<u>\$1,472,621</u>	<u>\$1,957,487</u>

<u>2005</u>	<u>2006</u>
\$171,717	\$263,850
3,132,897	3,249,122
170,921	134,454
335,928	352,923
114,298	128,853
39,710	37,046
532,155	534,841
317,705	330,085
46,887	53,684
499,742	468,309
31,143	43,826
50,989	46,406
211,106	199,037
10,195	7,146
<u>5,665,393</u>	<u>5,849,582</u>

0	0
0	0
0	0
<u>0</u>	<u>0</u>

<u>5,665,393</u>	<u>5,849,582</u>
------------------	------------------

15,740	16,772
108,911	62,365
84,203	54,481
0	0
51,608	48,313
26,026	25,085
1,999	2,849
92,256	79,378
0	0
1,548,663	1,557,618
0	0
<u>\$1,929,406</u>	<u>\$1,846,861</u>

*(continued)*

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Changes in Net Assets

Last Five Fiscal Years

*(continued)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Business-type Activities:</b>			
Adult Education			
Charges for Services and Sales	\$113,135	\$136,797	\$0
Operating Grants and Contributions	87,302	77,737	0
Rotary			
Charges for Services and Sales	47,247	103,886	0
Uniform Supply			
Charges for Services and Sales	19,301	25,186	0
<i>Total Business-type Activity Program Revenues</i>	<u>266,985</u>	<u>343,606</u>	<u>0</u>
 <i>Total Program Revenues</i>	 <u>1,763,898</u>	 <u>1,816,227</u>	 <u>1,957,487</u>
 <b>Net (Expense)/Revenue</b>			
Governmental Activities	(3,214,185)	(3,580,989)	(3,677,922)
Business-type Activities	(62,675)	(20,548)	0
<i>Total Net (Expense)/Revenue</i>	<u>(3,276,860)</u>	<u>(3,601,537)</u>	<u>(3,677,922)</u>
 <b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	1,622,644	1,599,305	1,579,672
Capital Outlay	137,199	135,191	134,394
Grants and Entitlements not			
Restricted to Specific Programs	2,238,274	2,293,052	2,155,907
Unrestricted Investment Earnings	278,652	166,663	65,418
Gain on Sale of Capital Assets	0	0	0
Rent	0	0	5,649
Miscellaneous	34,419	14,936	11,839
Transfers	(135,000)	(160,000)	0
<i>Total Governmental Activities</i>	<u>4,176,188</u>	<u>4,049,147</u>	<u>3,952,879</u>
 Business-type Activities:			
Transfers	135,000	160,000	0
<i>Total Business-type Activities</i>	<u>135,000</u>	<u>160,000</u>	<u>0</u>
 <i>Total Primary Government</i>	 <u>4,311,188</u>	 <u>4,209,147</u>	 <u>3,952,879</u>
 <b>Change in Net Assets</b>			
Governmental Activities	962,003	468,158	274,957
Business-type Activities	72,325	139,452	0
<i>Total Change in Net Assets</i>	<u>\$1,034,328</u>	<u>\$607,610</u>	<u>\$274,957</u>

<u>2005</u>	<u>2006</u>
\$0	\$0
0	0
0	0
<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>
<u>1,929,406</u>	<u>1,846,861</u>
(3,735,987)	(4,002,721)
<u>0</u>	<u>0</u>
<u>(3,735,987)</u>	<u>(4,002,721)</u>
1,674,339	1,727,845
36,357	495,074
2,225,064	9,644,073
172,349	234,969
0	36,202
0	0
8,798	13,705
<u>0</u>	<u>0</u>
<u>4,116,907</u>	<u>12,151,868</u>
<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>
<u>4,116,907</u>	<u>12,151,868</u>
380,920	8,149,147
<u>0</u>	<u>0</u>
<u>\$380,920</u>	<u>\$8,149,147</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Program Revenues by Function, Governmental Activities

Last Five Fiscal Years

(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><i>Governmental Activities</i></b>			
Function			
Regular Instruction	\$12,673	\$14,444	\$30,981
Vocational Instruction	1,127,475	1,112,329	1,285,421
Adult/Continuing Instruction	0	0	195,726
Pupil Support	170,631	172,751	158,955
Instructional Staff Support	22,754	22,172	21,927
Administration	8,156	0	108,855
Business	0	0	23,502
Operation and Maintenance of Plant	8,448	2,066	630
Pupil Transportation	0	0	0
Central	35,994	36,015	22,083
Operation of Non-Instructional Services	110,782	112,844	108,752
Extracurricular Activities	<u>0</u>	<u>0</u>	<u>655</u>
Total Program Revenues	<u><u>\$1,496,913</u></u>	<u><u>\$1,472,621</u></u>	<u><u>\$1,957,487</u></u>

<u>2005</u>	<u>2006</u>
\$19,719	\$20,456
1,311,098	1,271,488
131,835	95,934
177,318	164,824
21,481	14,407
87,660	96,323
26,026	25,085
3,716	2,849
900	6,450
20,430	11,881
129,223	137,164
<u>0</u>	<u>0</u>
<u><u>\$1,929,406</u></u>	<u><u>\$1,846,861</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$225,973	\$385,357	\$426,065	\$346,546
Unreserved	<u>1,028,473</u>	<u>1,053,757</u>	<u>1,134,632</u>	<u>1,394,880</u>
Total General Fund	<u>1,254,446</u>	<u>1,439,114</u>	<u>1,560,697</u>	<u>1,741,426</u>
All Other Governmental Funds				
Reserved	238,059	67,269	101,713	86,061
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	32,272	42,575	44,803	3,486
Capital Projects Funds	<u>1,022,415</u>	<u>1,139,694</u>	<u>1,158,522</u>	<u>1,202,812</u>
Total All Other Governmental Funds	<u>1,292,746</u>	<u>1,249,538</u>	<u>1,305,038</u>	<u>1,292,359</u>
Total Governmental Funds	<u><u>\$2,547,192</u></u>	<u><u>\$2,688,652</u></u>	<u><u>\$2,865,735</u></u>	<u><u>\$3,033,785</u></u>

(1) In 2002 and 2003, fund balances totaling \$222,249 and \$630,655 were reclassified to properly reflect their purpose as special revenue funds.

<u>2001</u>	<u>2002 (1)</u>	<u>2003 (1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$289,653	\$413,720	\$273,310	\$367,086	\$339,030	\$714,693
<u>1,683,484</u>	<u>2,091,991</u>	<u>2,436,497</u>	<u>2,636,093</u>	<u>2,945,269</u>	<u>2,840,755</u>
<u>1,973,137</u>	<u>2,505,711</u>	<u>2,709,807</u>	<u>3,003,179</u>	<u>3,284,299</u>	<u>3,555,448</u>
123,748	25,664	85,946	72,696	221,542	3,094,813
30,468	368,480	996,829	1,111,833	1,182,196	1,117,914
<u>957,808</u>	<u>1,321,753</u>	<u>1,578,257</u>	<u>1,653,830</u>	<u>2,020,419</u>	<u>2,594,494</u>
<u>1,112,024</u>	<u>1,715,897</u>	<u>2,661,032</u>	<u>2,838,359</u>	<u>3,424,157</u>	<u>6,807,221</u>
<u><u>\$3,085,161</u></u>	<u><u>\$4,221,608</u></u>	<u><u>\$5,370,839</u></u>	<u><u>\$5,841,538</u></u>	<u><u>\$6,708,456</u></u>	<u><u>\$10,362,669</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Changes in Fund Balances

Last Ten Fiscal Years

(modified accrual basis of accounting)

	1997	1998	1999	2000
<b>Revenues</b>				
Property Taxes	\$1,483,405	\$1,635,772	\$1,708,135	\$1,729,118
Intergovernmental	2,029,007	2,230,133	2,395,498	2,701,997
Interest	157,853	177,206	190,354	200,808
Tuition and Fees	6,635	7,097	4,490	4,140
Rent	6,232	702	4,531	7,246
Extracurricular Activities	60	0	0	30,000
Gifts and Donations	7,038	0	6,005	0
Customer Sales and Services	50,333	56,261	62,321	26,542
Miscellaneous	558	55,404	5,331	3,420
<b>Total Revenues</b>	<b>3,741,121</b>	<b>4,162,575</b>	<b>4,376,665</b>	<b>4,703,271</b>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	344,811	390,001	460,834	95,941
Special	14	0	0	0
Vocational	1,708,822	1,793,689	1,894,419	2,488,490
Adult/Continuing	45,857	43,775	39,752	10,096
<b>Support Services:</b>				
Pupil	213,445	261,934	296,899	296,510
Instructional Staff	53,989	95,094	132,132	106,866
Board of Education	21,080	35,682	16,553	34,902
Administration	265,677	281,048	272,363	293,646
Fiscal	194,328	206,511	207,956	235,771
Business	485	1	0	5,345
Operation and Maintenance of Plant	381,003	381,607	408,887	418,922
Pupil Transportation	9,621	10,009	15,341	13,419
Central	29,614	30,828	34,439	46,680
Operation of Non-Instructional Services	2,208	1,393	4,095	3,641
Extracurricular Activities	1,015	4,974	6,538	5,541
Capital Outlay	399,117	338,936	145,431	400,714
<b>Debt Service:</b>				
Principal Retirement	0	50,000	50,000	0
Interest and Fiscal Charges	5,755	12,263	7,950	0
Advance Refunding Escrow	0	0	153,518	0
<b>Total Expenditures</b>	<b>3,676,841</b>	<b>3,937,745</b>	<b>4,147,107</b>	<b>4,456,484</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>64,280</b>	<b>224,830</b>	<b>229,558</b>	<b>246,787</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	1,816	1,630	1,840	4,838
Inception of Capital Lease	0	0	0	0
Proceeds from Loan	0	0	0	0
Proceeds from Sale of Long-Term Notes	250,000	0	0	0
Transfers In	6,830	9,339	42,846	2,595
Transfers Out	(91,830)	(94,339)	(97,161)	(86,170)
<b>Total Other Financing Sources (Uses)</b>	<b>166,816</b>	<b>(83,370)</b>	<b>(52,475)</b>	<b>(78,737)</b>
<b>Net Change in Fund Balances</b>	<b>\$231,096</b>	<b>\$141,460</b>	<b>\$177,083</b>	<b>\$168,050</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.2%</b>	<b>1.7%</b>	<b>1.4%</b>	<b>0.0%</b>

2001	2002	2003	2004	2005	2006
\$1,722,748	\$1,779,860	\$1,669,712	\$1,760,329	\$1,708,920	\$2,193,737
2,912,948	3,585,173	3,616,761	3,721,937	3,762,188	7,046,707
169,909	229,537	175,847	50,080	208,017	210,706
5,825	12,673	11,990	241,994	177,577	142,634
2,772	7,549	4,972	5,649	1,999	2,849
0	0	0	655	0	0
37,000	0	5,095	32	15	1,325
8,491	126,627	89,589	185,269	201,167	143,760
62,108	34,419	48,551	20,531	8,798	13,705
<u>4,921,801</u>	<u>5,775,838</u>	<u>5,622,517</u>	<u>5,986,476</u>	<u>6,068,681</u>	<u>9,755,423</u>
130,186	129,328	137,486	149,831	166,774	229,285
0	0	0	0	0	0
2,589,944	2,850,609	2,942,906	3,021,586	3,086,492	3,150,317
0	3,972	0	201,619	173,658	132,561
275,352	287,579	304,975	334,182	319,058	344,802
230,010	70,712	95,701	88,894	90,457	105,657
17,084	34,181	30,306	35,096	40,507	36,805
298,913	337,477	363,712	492,296	528,753	572,906
259,869	263,243	290,034	303,079	311,241	312,680
14,567	17,115	16,059	37,603	48,267	53,684
451,355	438,390	470,382	555,178	507,195	466,129
14,063	42,587	24,804	29,049	23,859	37,910
67,860	57,725	45,637	47,305	48,794	43,630
4,158	166,536	181,557	173,732	202,055	206,109
5,095	4,770	17,761	7,373	10,195	7,146
378,933	25,034	28,295	40,693	166,273	3,026,921
0	0	0	0	0	33,333
0	0	0	0	0	0
0	0	0	0	0	0
<u>4,737,389</u>	<u>4,729,258</u>	<u>4,949,615</u>	<u>5,517,516</u>	<u>5,723,578</u>	<u>8,759,875</u>
184,412	1,046,580	672,902	468,960	345,103	995,548
764	2,618	5,674	1,739	21,815	89,665
0	0	0	0	0	2,569,000
0	0	0	0	500,000	0
0	0	0	0	0	0
2,263	120,110	85,000	161,250	190,500	1,786,228
<u>(136,063)</u>	<u>(255,110)</u>	<u>(245,000)</u>	<u>(161,250)</u>	<u>(190,500)</u>	<u>(1,786,228)</u>
<u>(133,036)</u>	<u>(132,382)</u>	<u>(154,326)</u>	<u>1,739</u>	<u>521,815</u>	<u>2,658,665</u>
<u>\$51,376</u>	<u>\$914,198</u>	<u>\$518,576</u>	<u>\$470,699</u>	<u>\$866,918</u>	<u>\$3,654,213</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.6%

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Assessed and Estimated Actual Value of Taxable Property

Last Ten Collection (Calendar) Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
1997	\$248,046,590	\$34,249,750	\$806,560,971	\$50,848,030	\$63,560,038
1998	295,832,150	35,081,100	945,466,429	50,054,420	62,568,025
1999	304,214,080	36,351,800	973,045,371	51,318,850	64,148,563
2000	318,285,610	37,030,920	1,015,190,086	48,068,010	60,085,013
2001	382,351,870	44,045,600	1,218,278,486	48,331,590	60,414,488
2002	392,740,930	45,510,580	1,252,147,171	26,828,190	33,535,238
2003	407,749,970	46,290,510	1,297,258,514	26,721,530	33,401,913
2004	465,496,910	50,345,480	1,473,835,400	26,705,570	33,381,963
2005	480,268,210	49,524,170	1,513,692,514	27,491,040	34,363,800
2006	495,641,230	53,515,160	1,569,018,257	27,693,710	34,617,138

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

**Source:** State of Ohio Department of Taxation

Tangible Personal Property		Total			Weighted Average Tax Rate
General Business		Assessed	Estimated	Ratio	
Assessed Value	Estimated Actual Value	Value	Value		
\$22,088,369	\$88,353,476	\$355,232,739	\$958,474,485	37.06%	\$0.34
20,957,879	83,831,516	401,925,549	1,091,865,970	36.81%	\$0.30
23,694,413	94,777,652	415,579,143	1,131,971,586	36.71%	\$0.30
23,631,699	94,526,796	427,016,239	1,169,801,894	36.50%	\$0.30
27,213,273	108,853,092	501,942,333	1,387,546,065	36.17%	\$0.26
25,424,760	101,699,040	490,504,460	1,387,381,449	35.35%	\$0.26
22,421,692	89,686,768	503,183,702	1,420,347,195	35.43%	\$0.26
21,801,871	87,207,484	564,349,831	1,594,424,847	35.40%	\$0.24
20,978,754	83,915,016	578,262,174	1,631,971,330	35.43%	\$0.00
21,466,778	116,036,638	598,316,878	1,719,672,032	34.79%	\$1.00

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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

Direct and Overlapping Governments

Last Ten Collection (Calendar) Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Unvoted Millage</b>	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.40	5.40
Operating										
Residential/Agricultural Real	3.62	3.13	3.13	3.13	2.67	2.68	2.68	2.43	2.43	2.43
Commerical/Industrial and Public Utility Real	3.74	3.72	3.72	3.72	3.24	3.24	3.27	3.10	3.16	3.16
General Business and Public Utility Personal	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40
<b>Voted Millage</b>										
1989 Permanent Improvement										
Residential/Agricultural Real	0.31	0.27	0.27	0.27	0.23	0.23	0.23	0.21	0.00	0.00
Commerical/Industrial and Public Utility Real	0.38	0.37	0.37	0.37	0.33	0.33	0.33	0.31	0.00	0.00
General Business and Public Utility Personal	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.00	0.00
2005 Permanent Improvement										
Residential/Agricultural Real	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Commerical/Industrial and Public Utility Real	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
<b>Total voted millage by type of property</b>										
Residential/Agricultural Real	0.31	0.27	0.27	0.27	0.23	0.23	0.23	0.21	0.00	1.00
Commerical/Industrial and Public Utility Real	0.38	0.37	0.37	0.37	0.33	0.33	0.33	0.31	0.00	1.00
General Business and Public Utility Personal	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.00	1.00
<b>Overlapping Rates by Taxing District</b>										
<b>County Units</b>										
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
<b>School Districts</b>										
Bright Local	30.20	32.69	32.69	32.69	32.69	32.69	32.69	30.69	30.76	30.76
Eastern Local	38.70	38.70	38.70	38.70	36.75	37.80	37.80	37.80	37.80	40.20
Fayetteville Local	36.40	35.40	35.40	36.50	36.50	34.10	34.10	34.10	34.10	39.55
Georgetown Exempted Village	29.00	29.00	29.00	29.00	28.50	27.00	27.00	30.40	30.40	30.40
Ripley Union Lewis Huntington Local	36.40	36.40	36.40	36.40	36.40	36.35	36.35	36.35	36.35	36.35
Western Brown Local	20.00	25.20	25.20	25.20	25.20	23.70	23.70	23.70	23.70	23.00
<b>Corporations</b>										
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	3.30	3.30	3.30	3.30	3.30
Hamersville Village	3.60	3.60	3.60	3.60	3.60	4.60	4.60	4.60	2.90	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	7.60	7.60
Ripley Village	5.00	5.00	5.00	5.00	9.00	9.00	9.00	9.00	9.00	9.00
Russellville Village	18.60	18.60	18.60	18.60	18.60	18.60	13.60	17.60	17.60	17.60
Sardinia Village	16.70	16.70	16.70	10.50	14.00	14.00	14.00	14.00	14.00	10.50
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
<b>Townships</b>										
Byrd	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.50
Clark	4.10	4.10	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.15
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	2.60	2.60	2.60	3.10
Green	3.50	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50	5.10
Huntington	6.30	6.30	6.30	6.30	5.10	6.30	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	2.20	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	3.25	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	6.90	6.90	6.90	6.90	9.70
Pike	3.50	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50	7.05
Pleasant	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	7.10
Scott	3.30	3.30	3.30	3.30	3.30	3.30	4.00	4.00	4.00	2.10
Sterling	5.50	5.50	5.50	5.50	5.50	6.50	6.50	6.50	6.50	2.90
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	6.20	6.20	6.20	6.20	6.20
Concord	3.10	3.10	3.10	3.10	3.10	3.10	2.70	3.10	2.60	3.10
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	2.10
Marshall	4.15	4.15	4.15	4.65	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	1.80	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	2.60	3.10
Whiteoak	2.30	2.30	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
<b>Other Units</b>										
Library	1.00	1.00	1.00	1.00	1.00	1.00	0.75	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 and Ohio Department of Taxation

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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

Collection Year (2)	Current Tax Levy (2)	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1996	\$3,128,083	\$2,308,787	73.81%	\$200,764	\$2,509,551	80.23%
1997	3,256,946	2,333,614	71.65	202,923	\$2,536,537	77.88
1998	3,380,729	2,405,642	71.16	209,186	\$2,614,828	77.35
1999	3,495,612	2,441,723	69.85	127,677	\$2,569,400	73.50
2000	3,873,633	2,788,433	71.98	208,909	\$2,997,342	77.38
2001	3,874,436	3,051,964	78.77	142,151	\$3,194,115	82.44
2002	2,948,066	2,695,731	91.44	259,864	\$2,955,595	100.26
2003	3,924,294	2,351,992	59.93	147,150	\$2,499,142	63.68
2004	4,193,107	4,142,408	98.79	95,804	\$4,238,212	101.08
2005	N/A	N/A	N/A	N/A	N/A	N/A

Source: Brown County Auditor (the Brown County Auditor was unable to provide the 2005 information)

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006. 2005 information was not available from the County Auditor.
- (3) The County does not identify delinquent tax collections by tax year.

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

**Principal Real and Personal Property Tax Payers**

2004

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>Percent of Real Property Assessed Value</u>
Kroger Limited Partnership	\$5,137,000	0.97%
Ohio Valley Manor	5,037,885	0.95%
Mac Tool, Inc.	4,948,400	0.94%
Cincinnati Milacron	4,495,457	0.85%
Crout Properties, LTD	2,030,028	0.54%
Georgetown Land Company	2,875,114	0.33%
AHE of Ohio, Inc.	1,770,771	0.30%
HPWFP Limited Partnership	1,581,971	0.30%
Timothy R. Hale	1,572,457	0.29%
Davon, Inc.	<u>1,541,485</u>	<u>5.86%</u>
Totals	<u>\$30,990,568</u>	<u>11.34%</u>
Total Assessed Valuation	<u>\$528,738,004</u>	<u>100.00%</u>

Source: Brown County Auditor.

2005 and 1996 information was not available.

*SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT*

Computation of Direct and Overlapping Debt

Governmental Activities

June 30, 2006

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
<b>Direct:</b>			
Southern Hills Joint Vocational School District			
Facility Improvement and Equipment Replacement Loan	\$466,667	100.00%	\$466,667
Capital Lease Obligation	2,569,000	100.00	2,569,000
<b>Total Direct</b>	<b>3,035,667</b>	<b>100.00</b>	<b>3,035,667</b>
<b>Overlapping:</b>			
Eastern Local School District			
General Obligation Bonds	2,595,000	100.00	2,595,000
Bond Anticipation Notes	7,165,000	100.00	7,165,000
Bright Local School District			
General Obligation Bonds	880,000	100.00	880,000
Fayetteville Perry Local School District			
General Obligation Bonds	1,967,100	100.00	1,967,100
Bond Anticipation Notes	6,895,000	100.00	6,895,000
Ripley Union Lewis Huntington Local School District			
General Obligation Bonds	3,285,462	100.00	3,285,462
Capital Lease Obligation	577,000	100.00	577,000
Western Brown Local School District			
General Obligation Bonds	5,775,000	100.00	5,775,000
Capital Lease Obligation	538,000	100.00	538,000
Georgetown Exempted Village School District			
General Obligation Bonds	4,512,998	100.00	4,512,998
Capital Lease Obligation	692,000	100.00	692,000
<b>Total Overlapping</b>	<b>34,882,560</b>		<b>34,882,559</b>
<b>Total</b>	<b>\$37,918,227</b>		<b>\$37,918,226</b>

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

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

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Energy Conservation Notes</u>	<u>Facility Improvement and Equipment Replacement Loan</u>
1997	34,819	\$364,589,749	\$250,000	\$0
1998	34,819	364,589,749	200,000	0
1999	34,819	364,589,749	0	0
2000	42,104	735,009,528	0	0
2001	42,104	735,009,528	0	0
2002	42,104	735,009,528	0	0
2003	42,104	735,009,528	0	0
2004	42,104	735,009,528	0	0
2005	42,104	735,009,528	0	500,000
2006	42,104	735,009,528	0	466,667

Sources: (1) National Center for Education Statistics  
1997-1999 from 1990 U.S. Census Data  
2000-2006 from 2000 U.S. Census Data

(2) National Center for Education Statistics  
1997-1999 from 1990 U.S. Census Data  
2000-2006 from 2000 U.S. Census Data  
(Per Capita Personal Income multiplied by population)

The School District has no bonded debt.

General Debt

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Capital Leases	Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt Per Capita	Percentage of Personal Income
\$0	\$250,000	0.07%	\$7.18	0.07%
0	200,000	0.05%	5.74	0.05
0	0	0.00%	\$0.00	0.00
0	0	0.00%	0.00	0.00
0	0	0.00%	0.00	0.00
0	0	0.00%	0.00	0.00
0	0	0.00%	0.00	0.00
0	0	0.00%	0.00	0.00
0	500,000	0.07%	11.88	0.07
2,569,000	3,035,667	0.41%	72.10	0.41

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Legal Debt Margin  
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Assessed Valuation (2)	\$355,232,739	\$401,925,549	\$415,579,143	\$427,016,239
Less:				
General Business Personal Property	0	0	0	0
Railroad and Telephone Tangible Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assessed Valuation used to calculate Legal Debt Margin	355,232,739	401,925,549	415,579,143	427,016,239
Debt Limit - 9% of Assessed Value (1)	<u>31,970,947</u>	<u>36,173,299</u>	<u>37,402,123</u>	<u>38,431,462</u>
Amount of Debt Applicable to Debt Limit				
Gross Indebtedness	250,000	200,000	0	0
Less Exempt Debt	<u>(250,000)</u>	<u>(200,000)</u>	<u>0</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u><u>\$31,970,947</u></u>	<u><u>\$36,173,299</u></u>	<u><u>\$37,402,123</u></u>	<u><u>\$38,431,462</u></u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Assessed Value (1)	\$355,233	\$401,926	\$415,579	\$427,016
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$355,233</u></u>	<u><u>\$401,926</u></u>	<u><u>\$415,579</u></u>	<u><u>\$427,016</u></u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Ohio Department of Taxation and School District Financial Records

- (1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.
- (2) The definition of tax valuation for the purpose of calculating the legal debt margin was modified by H.B. 360, effective March 30, 2006, to exclude tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations.

2001	2002	2003	2004	2005	2006
\$501,942,333	\$490,504,460	\$503,183,702	\$564,349,831	\$578,262,174	\$598,316,878
0	0	0	0	0	(21,466,778)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,854,500)</u>
501,942,333	490,504,460	503,183,702	564,349,831	578,262,174	570,995,600
<u>45,174,810</u>	<u>44,145,401</u>	<u>45,286,533</u>	<u>50,791,485</u>	<u>52,043,596</u>	<u>51,389,604</u>
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
<u>\$45,174,810</u>	<u>\$44,145,401</u>	<u>\$45,286,533</u>	<u>\$50,791,485</u>	<u>\$52,043,596</u>	<u>\$51,389,604</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$501,942	\$490,504	\$503,184	\$564,350	\$578,262	\$570,996
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$501,942</u>	<u>\$490,504</u>	<u>\$503,184</u>	<u>\$564,350</u>	<u>\$578,262</u>	<u>\$570,996</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Demographic and Economic Statistics

Last Ten Years

Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income (3)	Median Household Income (4)	Brown County Unemployment Rate (5)
1997	34,819	\$364,589,749	\$10,471	N/A	4.50%
1998	34,819	364,589,749	10,471	N/A	5.50
1999	34,819	364,589,749	10,471	N/A	5.30
2000	42,104	735,009,528	17,457	38,189	5.90
2001	42,104	735,009,528	17,457	38,189	5.50
2002	42,104	735,009,528	17,457	38,189	7.20
2003	42,104	735,009,528	17,457	38,189	6.20
2004	42,104	735,009,528	17,457	38,189	6.20
2005	42,104	735,009,528	17,457	38,189	6.50
2006	42,104	735,009,528	17,457	38,189	6.20

Sources: (1) National Center for Education Statistics  
1997-1999 from 1990 U.S. Census Data  
2000-2006 from 2000 U.S. Census Data  
Sum of Populations for all school districts within Southern Hills Joint Vocational School District

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

(3) National Center for Education Statistics  
1997-1999 from 1990 U.S. Census Data  
2000-2006 from 2000 U.S. Census Data  
Average Per Capita Personal Income for all school districts within Southern Hills Joint Vocational School District

(4) National Center for Education Statistics  
1997-1999 from 1990 U.S. Census Data  
2000-2006 from 2000 U.S. Census Data  
Average Median Household Income for all school districts within Southern Hills Joint Vocational School District  
1997-1999 Median Household Income not available.

(5) Ohio Department of Jobs and Family Services

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

Principal Employers

Current Year

<u>Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>	<u>Rank</u>
Brown County Government	Government	304	1
Brown County General Hospital	Health Care	300	2
Kroger	Retail Grocer	287	3
Cincinnati Milacron	Plastic Injection	263	4
Ohio Valley Manor	Health Care	240	5
Southern Ohio Veterans Home	Health Care	205	6
McDonalds	Fast Food	127	7
PCP Champion	Surgical Appliance	120	8
Rumpke	Waste Removal	115	9
Stanley Mechanics	Tool Company	100	10
Total		<u>2,061</u>	

Source: Brown County Department of Economic Development

(1) Historical data and information on total employment within the School District was not available.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Employees by Function  
Last Nine Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b><i>Governmental Activities</i></b>						
Instruction:						
Regular	2	2	2	2	2	2
Vocational	37	36	37	39	36	37
Adult/Continuing	2	2	2	3	3	3
Support Services:						
Pupil	5	5	5	5	4	4
Instructional Staff	1	1	1	1	1	1
Administration	4	4	4	4	4	5
Fiscal	3	3	3	3	3	3
Operation and Maintenance of Plant	4	4	5	5	5	5
Operation of Non-Instructional Services						
Food Services	3	4	4	4	4	4
<i>Total Number of Employees</i>	<u>61</u>	<u>61</u>	<u>63</u>	<u>66</u>	<u>62</u>	<u>64</u>

Method: Using 1.0 for each employee. The count was performed on June 30 of each year.

Source: Southern Hills Joint Vocational School District records  
1997 information was not available.

<u>2004</u>	<u>2005</u>	<u>2006</u>
2	2	2
37	37	36
3	3	3
4	4	4
1	1	1
5	5	5
3	3	3
5	5	5
4	4	4
<u>64</u>	<u>64</u>	<u>63</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**  
 Building Statistics, Operating Statistics and Classroom Space by Program  
 Last Seven Fiscal Years (1)  
 (cash basis of accounting)

	2000	2001	2002	2003	2004	2005	2006
<b>Southern Hills Joint Vocational School</b>							
Constructed Completed in 1975							
Total Building Square Footage	103,000	103,000	103,000	103,000	103,000	103,000	103,000
Total Enrollment (2)	252	255	333	292	295	308	300
Student Capacity	400	400	400	400	400	400	400
<b>Power Equipment Mechanics/Agricultural Industrial</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	22	22	23	21	20	33	29
Students Who Graduated from Program	10	7	9	11	6	13	15
Cost of Program	\$154,120	\$105,592	\$65,901	\$97,270	\$65,065	\$105,987	\$85,329
Percentage of Students to Maximum Capacity of Program	44%	44%	46%	42%	40%	66%	58%
Cost of Program Per Student	\$7,005	\$4,800	\$2,865	\$4,632	\$3,253	\$3,212	\$2,942
Square ft. of Program Space	5,953	5,953	5,953	5,953	5,953	5,953	5,953
<b>Diversified Health Occupations</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	22	19	25	32	26	23	19
Students Who Graduated from Program	12	8	3	10	9	12	5
Cost of Program	\$120,591	\$121,639	\$96,315	\$98,484	\$86,036	\$86,917	\$ 94,448
Percentage of Students to Maximum Capacity of Program	44%	38%	50%	64%	52%	46%	38%
Cost of Program Per Student	\$5,481	\$6,402	\$3,853	\$3,078	\$3,309	\$3,779	\$4,971
Square ft. of Program Space	2,141	2,141	2,141	2,141	2,141	2,141	2,141
<b>Information Technology/Computer Systems</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	11	17	24	19	18	20	22
Students Who Graduated from Program	4	5	9	11	6	8	8
Cost of Program	\$81,758	\$119,793	\$117,850	\$94,478	\$88,388	\$94,355	\$ 58,093
Percentage of Students to Maximum Capacity of Program	22%	34%	48%	38%	36%	40%	44%
Cost of Program Per Student	\$7,433	\$7,047	\$4,910	\$4,973	\$4,910	\$4,718	\$2,641
Square ft. of Program Space	2,254	2,254	2,254	2,254	2,254	2,254	2,254
<b>Early Childhood Education</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	14	17	26	20	34	27	23
Students Who Graduated from Program	9	4	14	5	10	15	11
Cost of Program	\$50,944	\$66,997	\$70,143	\$76,440	\$89,757	\$107,343	\$ 99,195
Percentage of Students to Maximum Capacity of Program	28%	34%	52%	40%	68%	54%	46%
Cost of Program Per Student	\$3,639	\$3,941	\$2,698	\$3,822	\$2,640	\$3,976	\$4,313
Square ft. of Program Space	2,853	2,853	2,853	2,853	2,853	2,853	2,853
<b>Automobile Technology</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	27	21	31	39	35	42	42
Students Who Graduated from Program	13	9	8	11	15	18	23
Cost of Program	\$141,071	\$154,245	\$170,148	\$192,696	\$184,921	\$267,631	\$174,855
Percentage of Students to Maximum Capacity of Program	54%	42%	62%	78%	70%	84%	84%
Cost of Program Per Student	\$5,225	\$7,345	\$5,489	\$4,941	\$5,283	\$6,372	\$4,163
Square ft. of Program Space	6,677	6,677	6,677	6,677	6,677	6,677	6,677
<b>Carpentry</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	18	23	23	27	29	27	17
Students Who Graduated from Program	10	6	7	6	14	13	5
Cost of Program	\$129,671	\$88,327	\$126,737	\$99,873	\$158,772	\$141,109	\$108,423
Percentage of Students to Maximum Capacity of Program	36%	46%	46%	54%	58%	54%	34%
Cost of Program Per Student	\$7,204	\$3,840	\$5,510	\$3,699	\$5,475	\$5,226	\$6,378
Square ft. of Program Space	5,569	5,569	5,569	5,569	5,569	5,569	5,569
<b>Machining Technology</b>							
Maximum Capacity of Program	50	50	50	50	50	50	25
Number of Students at End of Year (2)	18	19	31	26	17	15	6
Students Who Graduated from Program	11	8	11	12	8	6	5
Cost of Program	\$143,512	\$133,400	\$170,000	\$154,720	\$193,483	\$161,981	\$23,487
Percentage of Students to Maximum Capacity of Program	36%	38%	62%	52%	34%	30%	24%
Cost of Program Per Student	\$7,973	\$7,021	\$5,484	\$5,951	\$11,381	\$10,799	\$3,915
Square ft. of Program Space	4,086	4,086	4,086	4,086	4,086	4,086	4,086

Source: Southern Hills Joint Vocational School District records

(continued)

Cost of Program based on cash expenditures

(1) Information prior to 2000 was not available

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Operating Statistics and Classroom Space by Program

Last Seven Fiscal Years (1)

(cash basis of accounting)

(continued)

	2000	2001	2002	2003	2004	2005	2006
<b>Welding</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	18	18	19	16	23	23	23
Students Who Graduated from Program	10	7	4	6	7	12	7
Cost of Program	\$69,917	\$99,491	\$76,625	\$92,660	\$95,599	\$110,028	\$111,158
Percentage of Students to Maximum Capacity of Program	36%	36%	38%	32%	46%	46%	46%
Cost of Program Per Student	\$3,884	\$5,527	\$4,033	\$5,791	\$4,156	\$4,784	\$4,833
Square ft. of Program Space	4,273	4,273	4,273	4,273	4,273	4,273	4,273
<b>Cosmotology</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	20	29	36	34	25	24	30
Students Who Graduated from Program	9	5	16	14	12	11	10
Cost of Program	\$137,045	\$132,530	\$145,856	\$142,905	\$161,869	\$141,191	\$142,822
Percentage of Students to Maximum Capacity of Program	40%	58%	72%	68%	46%	48%	60%
Cost of Program Per Student	\$6,852	\$4,570	\$4,052	\$4,203	\$6,475	\$5,883	\$4,761
Square ft. of Program Space	2,746	2,746	2,746	2,746	2,746	2,746	2,746
<b>Criminal Justice</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	20	15	23	14	16	21	17
Students Who Graduated from Program	11	5	9	5	7	6	6
Cost of Program	\$62,470	\$83,716	\$83,594	\$113,401	\$111,098	\$101,139	\$100,073
Percentage of Students to Maximum Capacity of Program	40%	30%	46%	28%	32%	42%	34%
Cost of Program Per Student	\$3,123	\$5,581	\$3,635	\$8,100	\$6,944	\$4,816	\$5,887
Square ft. of Program Space	2,776	2,776	2,776	2,776	2,776	2,776	2,776
<b>Graphics</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	20	16	23	16	19	34	47
Students Who Graduated from Program	9	8	3	9	4	11	21
Cost of Program	\$67,903	\$82,147	\$94,997	\$123,427	\$133,703	\$141,459	\$167,829
Percentage of Students to Maximum Capacity of Program	40%	32%	46%	32%	38%	68%	94%
Cost of Program Per Student	\$3,395	\$5,134	\$4,130	\$7,714	\$7,037	\$4,161	\$3,571
Square ft. of Program Space	2,389	2,389	2,389	2,389	2,389	2,389	2,389
<b>Administration/Office Technology</b>							
Maximum Capacity of Program	50	50	50	50	50	50	50
Number of Students at End of Year (2)	31	22	37	28	33	19	25
Students Who Graduated from Program	15	10	10	18	24	6	11
Cost of Program	\$98,629	\$109,593	\$128,939	\$143,848	\$75,341	\$74,883	\$98,636
Percentage of Students to Maximum Capacity of Program	62%	44%	74%	56%	66%	38%	50%
Cost of Program Per Student	\$3,182	\$4,982	\$3,485	\$5,137	\$2,283	\$3,941	\$3,945
Square ft. of Program Space	2,508	2,508	2,508	2,508	2,508	2,508	2,508
<b>Marketing Education</b>							
Maximum Capacity of Program	25	25	25	n/o	n/o	n/o	n/o
Number of Students at End of Year (2)	11	10	12	n/o	n/o	n/o	n/o
Students Who Graduated from Program	11	10	11	n/o	n/o	n/o	n/o
Cost of Program	\$47,655	\$50,118	\$63,447	n/o	n/o	n/o	n/o
Percentage of Students to Maximum Capacity of Program	44%	40%	48%	n/o	n/o	n/o	n/o
Cost of Program Per Student	\$4,332	\$5,012	\$5,287	n/o	n/o	n/o	n/o
Square ft. of Program Space	1,754	1,754	1,754	n/o	n/o	n/o	n/o
<b>Occupational Work Experience</b>							
Maximum Capacity of Program	n/o	25	n/o	n/o	n/o	25	n/o
Number of Students at End of Year (2)	n/o	7	n/o	n/o	n/o	14	n/o
Students Who Graduated from Program	n/o	7	n/o	n/o	n/o	14	n/o
Cost of Program	n/o	\$63,192	n/o	n/o	n/o	\$69,697	n/o
Percentage of Students to Maximum Capacity of Program	n/o	28%	n/o	n/o	n/o	56%	n/o
Cost of Program Per Student	n/o	\$9,027	n/o	n/o	n/o	\$4,978	n/o
Square ft. of Program Space	n/o	558	n/o	n/o	n/o	558	n/o

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures

(1) Information prior to 2000 was not available

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

n/o - Program not offered.

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

Per Pupil Cost  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>General Government</u>		<u>Governmental Activities</u>	
		<u>Total Expenditures (1)</u>	<u>Per Pupil Cost</u>	<u>Total Expenses (2)</u>	<u>Per Pupil Cost</u>
1997	371	\$3,676,841	\$9,911	N/A	N/A
1998	377	3,937,745	10,445	N/A	N/A
1999	372	4,147,107	11,148	N/A	N/A
2000	384	4,456,484	11,605	N/A	N/A
2001	357	4,737,389	13,270	N/A	N/A
2002	436	4,729,258	10,847	\$4,711,098	\$10,805
2003	427	4,949,615	11,592	5,033,201	11,787
2004	411	5,517,516	13,425	5,635,409	13,711
2005	416	5,723,580	13,759	5,665,393	13,619
2006	392	8,726,542	22,262	5,849,582	14,922

Source: Southern Hills Joint Vocational School District Records

(1) Excludes debt service expenditures

(2) Excludes interest and fiscal charges

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

Teacher to Student Ratio

Last Ten Fiscal Years

<u>Year</u>	<u>Average Number of Students per Teacher</u>
1997	9.5
1998	9.2
1999	9.3
2000	9.4
2001	8.1
2002	10.6
2003	10.2
2004	9.8
2005	9.9
2006	9.6

Source: Southern Hills Joint Vocational School District records.

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

Percentage of Students who Receive Free and Reduced Lunches

Last Five Fiscal Years (1)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
25.15%	19.66%	24.09%	27.69%	32.54%

Source: Ohio Department of Education

(1) Information prior to 2002 was not available.



**Mary Taylor, CPA**  
Auditor of State

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 29, 2007**