

Southern Hills Joint Vocational School District

Brown County

Regular Audit

July 1, 2006 through June 30, 2007

Fiscal Year Audited Under GAGAS: 2007

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, 2006 through June 30, 2007. 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

January 2, 2008

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

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Ohio Society of Certified Public Accountants

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

Members of the Board
Southern Hills JVSD
9193 Hamer Road
Georgetown, OH 45121

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Hills Joint Vocational School District (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting (identified as item 2007-001).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider item 2007-001 described above to be a material weakness.

Members of the Board
Southern Hills JVSD

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*

Page 2

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the District in a separate letter dated December 14, 2007.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and members of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 14, 2007

Southern Hills Joint Vocational School District
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2007

Finding 2007-001

Material Weakness – Audit Adjustments

The auditors identified misstatements in the School District's financial statements that should have been prevented with internal controls. The accompanying financial statements have been adjusted to properly reflect the following:

- Contracts Payable
- Depreciable Capital Assets
- Invested in Capital Assets, Net of Related Debt
- Net Assets Restricted for Capital Outlay

The aforementioned errors were the result of a failure in controls over financial reporting and resulted in misstated financial statements. The District should implement application and monitoring controls to ensure that the above-noted balances, as well as all other financial statement accounts, are accurately and completely stated.

Client Response:

The Treasurer and Assistant Treasurer will review and post check additions to the inventory within the pending file prior to recording the capital assets inventory.

*SOUTHERN HILLS
JOINT VOCATIONAL SCHOOL DISTRICT*

GEORGETOWN, OHIO

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Issued by:
Treasurer's Office

Michael Boyd, CPA
Treasurer

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Southern Hills Joint Vocational School District
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2007
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December 14, 2007

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, 2007. 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 150 days of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

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., has issued an unqualified ("clean") opinion on the Southern Hills Joint Vocational School District's financial statements for the fiscal year ended June 30, 2007. The Independent Auditor's Report is located at the front of the Financial Section of this report.

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

FORMATION OF THE SCHOOL DISTRICT

The Southern Hills Joint Vocational School District offers adult and secondary students an array of programs and classes to serve the needs of all school districts in Brown County and Bright Local School District in Highland County. Secondary classes offered at the School District include Power Equipment Mechanics/Agricultural Industrial, Diversified Health Occupations, Information Technology/Computer Systems, Early Childhood Education, Automotive Technology, Carpentry, 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, 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 the Brown County school districts and the 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 District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The original Southern Hills Joint Vocational School District Board of Education was comprised of five members. Three of the five members were appointed from the Brown County Educational Service Center, with an additional one member each from the Highland County Board of Education and the Georgetown Exempted Village School District. In 1997, the Highland County member was appointed by the newly combined Southern Ohio Educational Service District. In July 2001, because of auditing reasons and better representation for the local school districts, the board composition was changed to a seven member board. The representation currently has a member from the elected boards of five of the six home school districts (Eastern, Fayetteville-Perry, Georgetown Exempted Village, Ripley-Union-Lewis-Huntington, Western Brown), one member from the Brown County Educational Service Center, and one member from the Southern Ohio Educational Service Center 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, an Academic Supervisor, a Director of Adult and Community Education and supervisors of various educational and support services.)

(The School District employs 60 full-time employees. These employees include certified, non-certified and administrative personnel providing services to 567 secondary students and 888 adult students.) . Secondary students include the full time equivalents of home schooled students and students attending programs offered outside the central building. These students are not included as full time students in the School District's average daily membership.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units 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 16. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan is reported as an insurance purchasing pool in Note 17. The Brown County Schools Benefits Consortium is presented as a public entity shared risk and insurance purchasing pool in Note 18.

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. Further, with the construction of the Ohio Veteran's Home and the future building of the Health facilities in the northern part of Brown County there has been a considerable growth in the Health field. Brown County has seen significant increases 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 5.5 percent in 1998 to a high of 7.2 percent in 2002, with a rate of 6.6 percent in June 2007. The population of Brown County in the 2000 census was 42,104. Population projections for Brown County are indicating growth over the next decade; in fact, a count of 44,423 is the 2006 estimated population, up from the 2005 estimate of 44,255. 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 7,285 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 Brown and southern Highland counties, approximately 634 square miles which includes eight villages and 26 townships. The Career and Technical Center itself is located approximately 82 miles south of Columbus on U.S. Route 68, 44 miles east of Cincinnati on U.S. Route 125, and 77 miles north of Lexington, Kentucky on U.S. Route 68. This central position provides a strategic location for the future development of business and industry.

In the 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 98 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. It is now a State memorial and is open to the public.. In addition, the John P. Parker House located in Ripley is listed as a National Historic Landmark by the National Park Service. These historic buildings are helping 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 Brown County Hospital, Ohio Veterans Home, Ohio Valley Manor, Cincinnati Milacron, Stanley Works, Hawkline and PCP Champion.

FINANCIAL TRENDS

During fiscal year 2007, the School District experienced no increase in the State foundation revenue. This is due to a decline in student enrollment during the fiscal year. The reason for the decline in enrollment is two-fold. The renovation project provided limited access to the building during sophomore tours and fewer students enrolled for their junior year. Secondly, satellite enrollment has declined with the elimination of two programs at the local schools. The School District is currently on the transitional aid guarantee and is expecting to remain on this funding status until enrollment increases.

FINANCIAL PLANNING AND POLICIES

The School District recently underwent a major renovation project that has a total cost of \$11,115,454. 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 School District acquired a \$500,000 loan from the State for renovation that has helped in financing the local share of the project. The School 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. The School District recently received the QZAB monies, which were higher than expected, during fiscal year 2008. These monies will cover the local share of the renovation project.

With the help of the QZAB monies, Southern Hills will again try to start a Sports Medicine program that was delayed in 2007-08 because of lack of student enrollment. We are hopeful that the program will start in the 2009 fiscal year.

With the new biennium and new governor coming into office, there were very little additional monies given to schools. Because of budgetary constraints and limited increase in revenue, Southern Hills expenses will have to be controlled. 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 was the November 2007 election, however with the lack of enough signatures, the amendment is on hold for now.

Fiscal year 2008 is a negotiation year with our instructors and with little and/or stagnant funding, salaries increases, benefits and other compensation will be limited.

MAJOR INITIATIVES

The Southern Hills Joint Vocational School District began a major renovation of the entire building in April, 2006. The majority of the remodeling was complete as of June 30, 2007. The opening day was on time, and the re-dedication of the building was September 16, 2007.

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 567 students served by the School District. State funding is based on our average daily membership, which includes counts of students attending satellite programs, based on the number of hours they are served by our School District. Therefore, it is imperative that we maintain accurate counts of students attending classes both on and off of our campus.

Southern Hills Joint Vocational School District depends mainly on the State of Ohio for funding, with local funding as a second source of revenue. The School District receives little funding from the federal government. We have had some increase in the basic aid formula that is given to all districts along with the weighted funding for career-tech programs. However, with limited or reduced State revenues, the opportunity for addition funding is remote at best.

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, 2007.

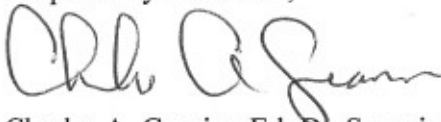
ASBO CERTIFICATE OF EXCELLENCE

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 second CAFR for this award for the fiscal year ended June 30, 2007.

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, 2007***

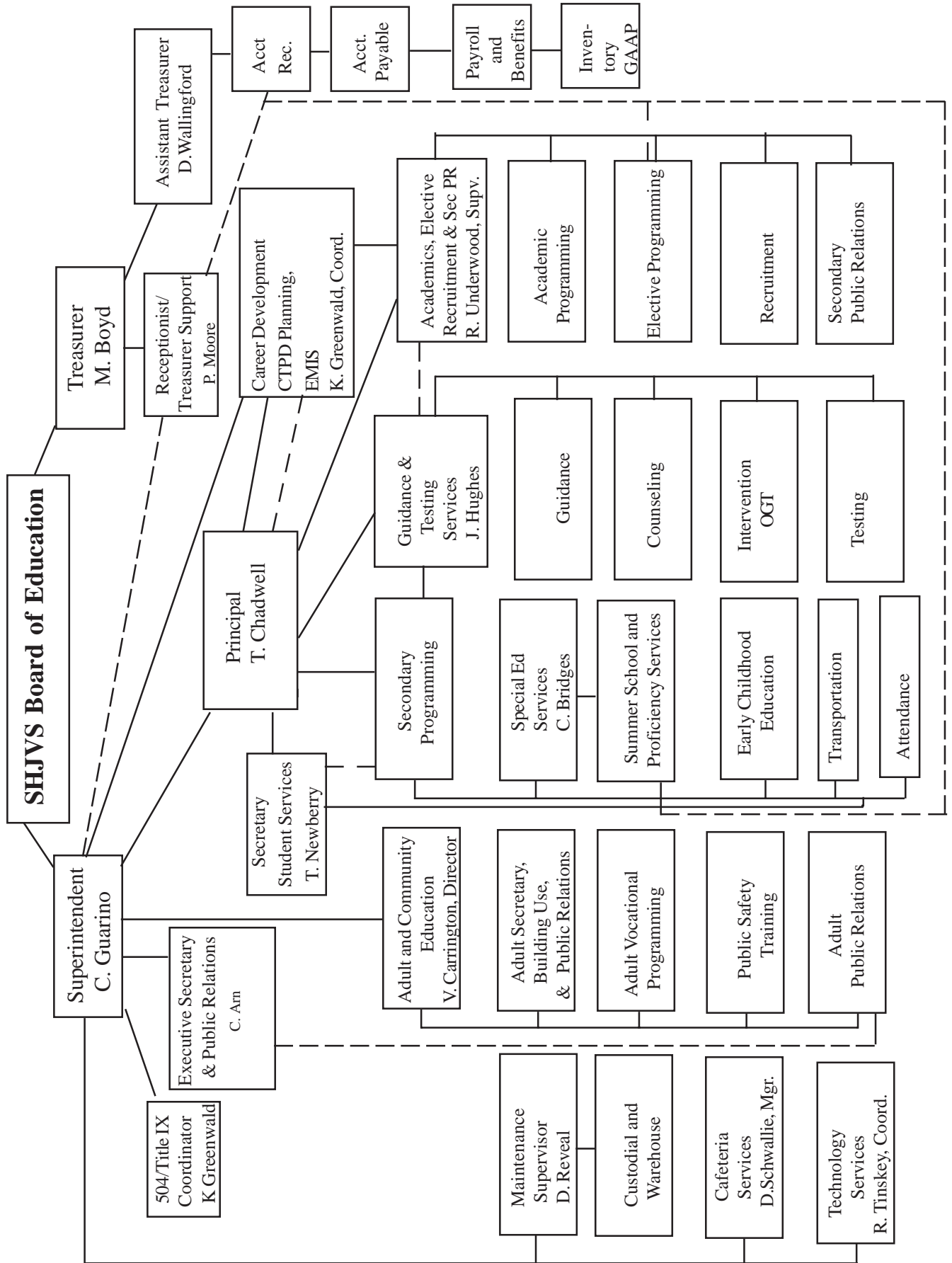
ELECTED OFFICIALS

President, Board of Education William Neal
Vice President, Board of Education..... Roger West
Board Member Garry Luke
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 Rachael Underwood
Academic Supervisor Rachael Underwood
Intervention/Career Development Coordinator Kate Greenwald

Southern Hills Joint Vocational School District Organizational Chart - June 30, 2007



Southern Hills Joint Vocational School District
Consultants and Advisors
June 30, 2007

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

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

CAFR Preparation Consultants

Mary Taylor, CPA, 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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

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, 2006

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

Executive Director

FINANCIAL SECTION

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

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

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, Brown County, Ohio (the School District), as of and for the year ended June 30, 2007, 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.

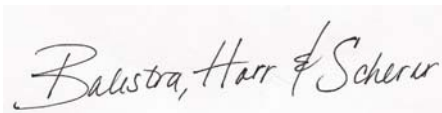
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2007, and the respective changes 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 14, 2007, 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 consist 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.

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

Balestra, Harr & Scherer, CPAs, Inc.
December 14, 2007

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

As management of the Southern Hills Joint Vocational School District, we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2007. 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, 2007. 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 Governments, issued June 1999.

Financial Highlights

- In total, net assets decreased \$952,934.
- General revenues accounted for \$5,331,253, or 74 percent of all total revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$1,836,499, or 26 percent of total revenues of \$7,167,752.
- The School District had \$6,627,582 in expenses related to governmental activities; only \$1,836,499 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 \$5,331,253 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, 2007
Unaudited

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other 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 2007?" 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 fiscal 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
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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 2007 and 2006:

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	Change
Assets			
Current and Other Assets	\$11,051,464	\$18,452,266	(\$7,400,802)
Capital Assets	12,614,169	6,589,114	6,025,055
Total Assets	<u>23,665,633</u>	<u>25,041,380</u>	<u>(1,375,747)</u>
Liabilities			
Long-Term Liabilities	2,840,444	3,304,224	(463,780)
Other Liabilities	3,811,129	3,770,162	40,967
Total Liabilities	<u>6,651,573</u>	<u>7,074,386</u>	<u>(422,813)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,389,846	3,907,516	6,482,330
Restricted	3,453,667	10,694,056	(7,240,389)
Unrestricted	3,170,547	3,365,422	(194,875)
Total Net Assets	<u><u>\$17,014,060</u></u>	<u><u>\$17,966,994</u></u>	<u><u>(\$952,934)</u></u>

Total assets decreased by \$1,375,747. Total liabilities decreased by \$422,813. Total net assets decreased by \$952,934. This was primarily due to a decrease in Equity in Pooled Cash and Cash Equivalents and Investments with Fiscal Agents, as significant amounts of cash and investments were utilized in making payments for the School District's Ohio School Facilities Commission remodeling project. Long-term liabilities decreased by \$463,780, due to the School District making its first debt service payment on the capital lease related to the remodeling project.

Table 2, on the following page, shows the changes in net assets for fiscal years 2007 and 2006.

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$306,484	\$289,243	\$17,241
Operating Grants and Contributions	1,530,015	1,557,618	(27,603)
Total Program Revenues	<u>1,836,499</u>	<u>1,846,861</u>	<u>(10,362)</u>
General Revenues:			
Property Taxes	2,361,899	2,222,919	138,980
Grants and Entitlements not Restricted to Specific Programs	2,424,552	9,644,073	(7,219,521)
Unrestricted Investment Earnings	490,975	234,969	256,006
Gain on Sale of Capital Assets	0	36,202	(36,202)
Miscellaneous	53,827	13,705	40,122
Total General Revenues	<u>5,331,253</u>	<u>12,151,868</u>	<u>(6,820,615)</u>
Total Revenues	<u>7,167,752</u>	<u>13,998,729</u>	<u>(6,830,977)</u>
Program Expenses			
Instruction:			
Regular	229,212	263,850	(34,638)
Special	92,471	0	92,471
Vocational	3,679,851	3,249,122	430,729
Adult/Continuing	121,791	134,454	(12,663)
Support Services:			
Pupils	276,924	352,923	(75,999)
Instructional Staff	185,025	128,853	56,172
Board of Education	38,179	37,046	1,133
Administration	609,569	534,841	74,728
Fiscal	376,687	330,085	46,602
Business	56,884	53,684	3,200
Operation and Maintenance of Plant	498,088	468,309	29,779
Pupil Transportation	41,761	43,826	(2,065)
Central	40,825	46,406	(5,581)
Operation of Non-Instructional Services:			
Food Service Operations	233,613	199,037	34,576
Extracurricular Activities	7,496	7,146	350
Interest and Fiscal Charges	139,206	0	139,206
Total Expenses	<u>6,627,582</u>	<u>5,849,582</u>	<u>778,000</u>
Change in Net Assets Before Special Item	540,170	8,149,147	(7,608,977)
Special Item - Loss on Disposal of Capital Assets	(1,493,104)	0	(1,493,104)
Change in Net Assets	(952,934)	8,149,147	(9,102,081)
Net Assets at Beginning of Year	<u>17,966,994</u>	<u>9,817,847</u>	<u>8,149,147</u>
Net Assets at End of Year	<u>\$17,014,060</u>	<u>\$17,966,994</u>	<u>(\$952,934)</u>

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
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Program revenues decreased slightly, by \$10,362. Charges for Services increased by \$17,241 due to the School District reinstating adult education programs related to emergency medical technician and fire and police training during the fiscal year. These programs had been temporarily suspended during the early stages of the remodeling project. The increase in Charges for Services was offset by a decrease in Operating Grants and Contributions, which was related to a decrease in the VEPA grant. Property Taxes increased by \$138,980 due to increases in delinquent property taxes receivable, which are recognized as revenue on a full accrual basis. Grants and Entitlements not Restricted to Specific Programs decreased by \$7,219,521 primarily due to the recognition of revenues related to the Ohio School Facilities Commission Project in fiscal year 2006. Unrestricted Investment Earnings increased by \$256,006 due to rising interest rates in the early part of fiscal year 2007, combined with increased funds available for investment that were related to the Ohio School Facilities grant during the fiscal year.

Program expenses for Special Instruction increased by \$92,471. This was due to the School District's recognition of depreciation expense in this program for the first time during fiscal year 2007. Vocational Instruction increased by \$430,729, primarily due to increases in depreciation expense related to the increased valuation of the School District building after the remodeling project, in addition to expenses recognized for items that did not meet the School District's capitalization threshold. This increase, combined with interest and fiscal charges of \$139,206 related to the School District making the first payment on the capital lease for the remodeling project, and an overall 2.75 percent increase in salaries, accounted for the majority of the School District's \$778,000 increase in total expenses.

Governmental Activities

Grants and Entitlements made up 34 percent of revenues for governmental activities of the Southern Hills Joint Vocational School District for fiscal year 2007. 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 47th 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 32 percent of governmental expenses. Support Services provide a key role in meeting the needs of our students, tutoring to transportation, on-line testing to guidance and maintenance, and assisting our staff in providing an educational process that ranks us near the top of joint vocational school districts' Ohio Department of Education Secondary Workforce Development Report Card in providing education to career technology students.

The 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
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

(Table 3)
Governmental Activities

	Total Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2007	Net Cost of Services 2006
Instruction	\$4,123,325	\$3,647,426	(\$2,761,665)	(\$2,259,548)
Support Services	2,123,942	1,995,973	(1,817,988)	(1,674,154)
Operation of Non-Instructional Services:				
Food Service Operations	233,613	199,037	(64,958)	(61,873)
Extracurricular Activities	7,496	7,146	(7,266)	(7,146)
Interest and Fiscal Charges	139,206	0	(139,206)	0
Total	\$6,627,582	\$5,849,582	(\$4,791,083)	(\$4,002,721)

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,236,312 and expenditures of \$14,619,110. The net change in fund balance for the fiscal year was most significant in the OSFC Vocational Renovation Capital Projects Fund, a decrease of \$2,099,934. This is due to capital outlay expenditures related to the OSFC renovation project. The OSFC Locally Funded Initiative Capital Projects Fund also had a significant decrease of \$1,752,981, also related to capital outlay expenditures on the renovation project.

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 2007 the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund original and final budgeted amounts is listed on page 20, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, the original budget basis revenues were \$5,294,968, with a final budget estimate of \$5,086,442. There was a \$208,526 variance between these two amounts. This was mainly due to decreases in Property Taxes received during the fiscal year. There was only a \$6,491 variance between the final budget and actual budget basis revenues.

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
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Original budget basis expenditures for the General Fund were \$4,941,971, and final budget basis expenditures were \$5,104,988, a difference of \$163,017. The increase in estimated expenditures was primarily related to an increase in Vocational Instruction. Final actual expenditures fell below the final budgeted expenditures by \$174,300. 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 to reduced spending for field trips.

The School District's ending unobligated cash balance in the General Fund was \$273,307 above the final budgeted amount.

Debt

At June 30, 2007, the School District had \$433,334 in loans outstanding, with \$33,333 due within one year. Table 4 summarizes loans outstanding at fiscal years 2007 and 2006:

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

	2007	2006
2005 Facility Improvement and Equipment Replacement Loan	\$433,334	\$466,667

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.

The School District's overall legal debt margin was \$65,151,070, with an unvoted debt margin of \$723,901.

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

Capital Assets

At the end of fiscal year 2007, the School District had \$12,614,169 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows fiscal year 2007 balances compared to fiscal year 2006:

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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

	Governmental Activities	
	2007	2006
Land	\$68,701	\$68,701
Construction in Progress	0	2,375,188
Land Improvements	711,621	44,071
Buildings and Improvements	10,501,165	2,784,266
Furniture and Equipment	1,265,921	1,253,048
Vehicles	66,761	63,840
Totals	\$12,614,169	\$6,589,114

Capital Assets increased \$6,025,055 from the prior fiscal year. This was primarily due to the completion of the School District's remodeling project, offset by deletions, including the demolition of certain sections of and improvements to the building during the remodeling project, as well as depreciation for the fiscal year. For more information on Capital Assets, refer to the notes to the basic financial statements (Note 8).

Current Issues

The Southern Hills Joint Vocational School District is very proud of the fact that only one additional operating levy has been needed since the School District began operations in 1975. The School District is currently ranked as the fourth poorest among joint vocational school districts based on average unadjusted property valuation per average daily membership 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 567 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 constraints 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 an 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 over 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, 2007
Unaudited

The School District recently completed a major renovation project that completely updated the original building that was constructed in 1975. The building project included improvements to the electrical, plumbing, security and safety, roof and state of the art technology. In addition to the remodel, a ten thousand five hundred foot addition was 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 School Facilities Commission and local taxpayers. The School District's share of the cost is currently funded by a short-term financing lease purchase, a State loan, and a one mill permanent improvement levy passed by the voters on February 8, 2005.

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.

BASIC FINANCIAL STATEMENTS

Southern Hills Joint Vocational School District

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>
<i>Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$6,955,697
Accrued Interest Receivable	62,624
Prepaid Items	18,055
Materials and Supplies Inventory	2,900
Intergovernmental Receivable	37,157
Property Taxes Receivable	2,253,095
Cash and Cash Equivalents with Fiscal Agents	681,515
Investments with Fiscal Agents	863,554
Cash and Cash Equivalents with Escrow Agents	176,867
Capital Assets:	
Land	68,701
Depreciable Capital Assets, Net	<u>12,545,468</u>
 <i>Total Assets</i>	 <u>23,665,633</u>
 <i>Liabilities</i>	
Accounts Payable	116,071
Accrued Wages and Benefits Payable	416,595
Contracts Payable	1,442,679
Intergovernmental Payable	84,093
Deferred Revenue	1,574,824
Retainage Payable	176,867
Long-Term Liabilities:	
Due Within One Year	560,681
Due in More Than One Year	<u>2,279,763</u>
 <i>Total Liabilities</i>	 <u>6,651,573</u>
 <i>Net Assets</i>	
Invested in Capital Assets, Net of Related Debt	10,389,846
Restricted for Capital Outlay	1,933,301
Restricted for Food Service	307,719
Restricted for Adult Education	626,287
Restricted for Other Purposes	566,063
Restricted for Set-Asides	20,297
Unrestricted	<u>3,170,547</u>
 <i>Total Net Assets</i>	 <u><u>\$17,014,060</u></u>

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Instruction:				
Regular	\$229,212	\$10,280	\$0	(\$218,932)
Special	92,471	0	0	(92,471)
Vocational	3,679,851	79,631	1,182,237	(2,417,983)
Adult/Continuing	121,791	50,236	39,276	(32,279)
Support Services:				
Pupils	276,924	0	156,012	(120,912)
Instructional Staff	185,025	0	20,022	(165,003)
Board of Education	38,179	0	0	(38,179)
Administration	609,569	50,236	39,276	(520,057)
Fiscal	376,687	0	0	(376,687)
Business	56,884	29,678	0	(27,206)
Operation and Maintenance of Plant	498,088	0	1,200	(496,888)
Pupil Transportation	41,761	0	4,530	(37,231)
Central	40,825	0	5,000	(35,825)
Operation of Non-Instructional Services:				
Food Service Operations	233,613	86,193	82,462	(64,958)
Extracurricular Activities	7,496	230	0	(7,266)
Interest and Fiscal Charges	139,206	0	0	(139,206)
Total Governmental Activities	\$6,627,582	\$306,484	\$1,530,015	(4,791,083)
General Revenues				
Property Taxes Levied for:				
General Purposes				1,729,569
Debt Service				560,504
Capital Outlay				71,826
Grants and Entitlements not Restricted to				
Specific Programs				2,424,552
Unrestricted Investment Earnings				490,975
Miscellaneous				53,827
Total General Revenues				5,331,253
Change in Net Assets Before Special Item				540,170
Special Item - Loss on Disposal of Capital Assets				(1,493,104)
Change in Net Assets				(952,934)
Net Assets at Beginning of Year				17,966,994
Net Assets at End of Year				\$17,014,060

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2007

	General	Permanent Improvement	OSFC Locally Funded Initiative	OSFC Vocational Renovation Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$3,098,681	\$1,196,981	\$349,721	\$679,234	\$1,610,783	\$6,935,400
Materials and Supplies Inventory	0	0	0	0	2,900	2,900
Accrued Interest Receivable	0	45,545	0	15,280	1,799	62,624
Interfund Receivable	91,638	0	0	0	0	91,638
Intergovernmental Receivable	11,503	1,914	0	0	23,740	37,157
Prepaid Items	18,055	0	0	0	0	18,055
Property Taxes Receivable	1,639,492	430,559	0	0	183,044	2,253,095
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	681,515	0	681,515
Cash and Cash Equivalents with Escrow Agents	0	0	0	176,867	0	176,867
Investments with Fiscal Agents	0	0	0	863,554	0	863,554
Advances to Other Funds	356,390	0	0	0	0	356,390
Total Assets	<u>\$5,236,056</u>	<u>\$1,674,999</u>	<u>\$349,721</u>	<u>\$2,416,450</u>	<u>\$1,822,266</u>	<u>\$11,499,492</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$116,071	\$0	\$0	\$0	\$0	\$116,071
Accrued Wages and Benefits Payable	397,601	0	0	0	18,994	416,595
Contracts Payable	2,278	0	603,042	824,936	12,423	1,442,679
Payable from Restricted Assets:						
Retainage Payable	0	0	0	176,867	0	176,867
Interfund Payable	0	0	0	0	91,638	91,638
Intergovernmental Payable	77,621	0	0	0	6,472	84,093
Deferred Revenue	1,305,237	311,248	0	8,199	201,015	1,825,699
Advances from Other Funds	0	0	0	350,000	6,390	356,390
Total Liabilities	<u>1,898,808</u>	<u>311,248</u>	<u>603,042</u>	<u>1,360,002</u>	<u>336,932</u>	<u>4,510,032</u>
Fund Balances						
Reserved for Encumbrances	55,524	6,297	85,643	1,120,354	7,734	1,275,552
Reserved for Advances	356,390	0	0	0	0	356,390
Reserved for Property Taxes	332,549	133,490	0	0	0	466,039
Reserved for Budget Stabilization	20,297	0	0	0	0	20,297
Unreserved:						
Undesignated, Reported in:						
General Fund	2,572,488	0	0	0	0	2,572,488
Special Revenue Funds	0	0	0	0	1,477,600	1,477,600
Capital Projects Funds	0	1,223,964	(338,964)	(63,906)	0	821,094
Total Fund Balances	<u>3,337,248</u>	<u>1,363,751</u>	<u>(253,321)</u>	<u>1,056,448</u>	<u>1,485,334</u>	<u>6,989,460</u>
Total Liabilities and Fund Balances	<u>\$5,236,056</u>	<u>\$1,674,999</u>	<u>\$349,721</u>	<u>\$2,416,450</u>	<u>\$1,822,266</u>	<u>\$11,499,492</u>

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, 2007*

Total Governmental Fund Balances \$6,989,460

*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	68,701	
Other Capital Assets	17,605,138	
Accumulated Depreciation	<u>(5,059,670)</u>	
Total capital assets		12,614,169

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	196,577	
Intergovernmental	30,807	
Interest	<u>23,491</u>	
		250,875

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	(433,334)	
Capital Lease	(2,104,790)	
Compensated Absences	<u>(302,320)</u>	
		<u>(2,840,444)</u>

Net Assets of Governmental Activities \$17,014,060

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, 2007

	General	Permanent Improvement	OSFC Locally Funded Initiative	OSFC Vocational Renovation Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$1,671,962	\$44,761	\$0	\$0	\$560,504	\$2,277,227
Intergovernmental	3,417,558	37,267	0	4,148,775	460,062	8,063,662
Interest	0	347,080	0	169,138	18,894	535,112
Tuition and Fees	9,780	0	0	0	130,150	139,930
Extracurricular Activities	230	0	0	0	0	230
Customer Sales and Services	500	0	0	0	165,824	166,324
Miscellaneous	4,534	0	45,223	0	4,070	53,827
Total Revenues	5,104,564	429,108	45,223	4,317,913	1,339,504	11,236,312
Expenditures						
Current:						
Instruction:						
Regular	247,770	0	0	0	0	247,770
Special	89,120	0	0	0	0	89,120
Vocational	2,882,977	0	0	180,509	175,671	3,239,157
Adult/Continuing	0	0	0	0	120,405	120,405
Support Services:						
Pupils	89,030	0	0	0	167,819	256,849
Instructional Staff	151,326	0	0	0	12,086	163,412
Board of Education	37,938	0	0	0	0	37,938
Administration	417,762	0	0	0	121,489	539,251
Fiscal	396,660	16,783	0	0	0	413,443
Business	29,794	0	0	0	27,090	56,884
Operation and Maintenance of Plant	468,757	700	0	0	1,000	470,457
Pupil Transportation	35,342	0	0	0	4,500	39,842
Central	21,882	0	0	0	17,940	39,822
Operation of Non-Instructional Services:						
Food Service Operations	0	0	0	0	216,972	216,972
Extracurricular Activities	7,496	0	0	0	0	7,496
Capital Outlay	368	7,633	1,798,204	6,237,338	0	8,043,543
Debt Service:						
Principal	0	33,333	0	0	464,210	497,543
Interest and Fiscal Charges	0	8,778	0	0	130,428	139,206
Total Expenditures	4,876,222	67,227	1,798,204	6,417,847	1,459,610	14,619,110
Excess of Revenues Over (Under) Expenditures	228,342	361,881	(1,752,981)	(2,099,934)	(120,106)	(3,382,798)
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	456,131	456,131
Proceeds from Sale of Capital Assets	9,589	0	0	0	0	9,589
Transfers Out	(456,131)	0	0	0	0	(456,131)
Total Other Financing Sources (Uses)	(446,542)	0	0	0	456,131	9,589
Net Change in Fund Balances	(218,200)	361,881	(1,752,981)	(2,099,934)	336,025	(3,373,209)
Fund Balances at Beginning of Year	3,555,448	1,001,870	1,499,660	3,156,382	1,149,309	10,362,669
Fund Balances at End of Year	<u>\$3,337,248</u>	<u>\$1,363,751</u>	<u>(\$253,321)</u>	<u>\$1,056,448</u>	<u>\$1,485,334</u>	<u>\$6,989,460</u>

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
*Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds (\$3,373,209)

***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	8,208,067	
Depreciation expense	(680,319)	
Excess of capital outlay over depreciation expense	7,527,748	7,527,748

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

Proceeds from Sale of Capital Assets	(9,589)	
Loss on Sale of Capital Assets	(1,493,104)	
	(1,502,693)	(1,502,693)

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 fiscal year.

Delinquent Property Taxes	84,672	
Intergovernmental	(4,127,443)	
Interest	(25,789)	
	(4,068,560)	(4,068,560)

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 fiscal year, these amounts consist of:

Loan principal payment	33,333	
Capital lease principal payment	464,210	
	497,543	497,543

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	(33,763)	
----------------------------------	----------	--

Change in Net Assets of Governmental Activities (\$952,934)

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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,820,272	\$1,661,560	\$1,663,756	\$2,196
Intergovernmental	3,468,203	3,418,482	3,418,659	177
Tuition and Fees	5,073	5,000	9,780	4,780
Rent	761	750	0	(750)
Gifts and Donations	101	100	238	138
Customer Sales and Services	558	550	500	(50)
Total Revenues	5,294,968	5,086,442	5,092,933	6,491
Expenditures				
Current:				
Instruction:				
Regular Instruction	251,973	252,769	247,478	5,291
Special Instruction	0	91,496	89,004	2,492
Vocational Instruction	2,779,343	3,027,811	2,933,670	94,141
Support Services:				
Pupils	196,960	86,862	81,100	5,762
Instructional Staff	84,732	155,934	150,551	5,383
Board of Education	49,680	42,930	38,372	4,558
Administration	434,034	429,503	421,180	8,323
Fiscal	469,385	408,939	401,291	7,648
Business	25,575	29,704	29,660	44
Operation and Maintenance of Plant	579,326	490,723	467,395	23,328
Pupil Transportation	35,965	44,735	40,191	4,544
Central	34,998	34,998	22,932	12,066
Extracurricular Activities	0	8,084	7,496	588
Capital Outlay	0	500	368	132
Total Expenditures	4,941,971	5,104,988	4,930,688	174,300
Excess of Revenues Over (Under) Expenditures	352,997	(18,546)	162,245	180,791
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,600	5,600	9,589	3,989
Refund of Prior Year Expenditures	0	0	4,296	4,296
Advances In	65,237	65,237	65,237	0
Advances Out	(175,000)	(175,000)	(91,638)	83,362
Transfers Out	(250,000)	(457,000)	(456,131)	869
Total Other Financing Sources (Uses)	(354,163)	(561,163)	(468,647)	92,516
Net Change in Fund Balance	(1,166)	(579,709)	(306,402)	273,307
Fund Balance at Beginning of Year	3,212,508	3,212,508	3,212,508	0
Unexpended Prior Year Encumbrances	42,631	42,631	42,631	0
Fund Balance at End of Year	\$3,253,973	\$2,675,430	\$2,948,737	\$273,307

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	
	Scholarship	Agency
<i>Assets</i>		
Equity in Pooled Cash and Cash Equivalents	\$65,602	\$23,429
<i>Liabilities</i>		
Undistributed Monies	0	\$23,429
<i>Net Assets</i>		
Held in Trust for Scholarships	\$65,602	

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, 2007

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	
<i>Additions</i>		
Contributions	\$186	
<i>Deductions</i>		
Scholarships Awarded	<u>6,280</u>	
Change in Net Assets	(6,094)	
<i>Net Assets Beginning of Year</i>	<u>71,696</u>	
<i>Net Assets End of Year</i>	<u><u>\$65,602</u></u>	

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, 2007

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 the 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 40 certificated teaching personnel and administrative employees providing education to 567 secondary students and 888 adult students. Secondary students include the full time equivalents of home schooled students and students attending programs offered outside the central building. These students are not included as full time students in the School District’s average daily membership.

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, 2007

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 16, 17 and 18 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, 2007

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, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Permanent Improvement – This fund accounts for all transactions, including property taxes, intergovernmental monies and interest, related to acquiring, constructing, or improving 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, 2007

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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, 2007, but which were levied to finance fiscal year 2008 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. The School District utilizes a fiscal agent to hold retainage on construction contracts. 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, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During fiscal year 2007, 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 Mortgage Corporation Step Up Medium Term Notes, Federal Home Loan Bank Step Up Coupon Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes and Federal National Mortgage Association Step Up Medium Term Notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit and 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, 2007.

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 2007 amounted to \$347,080 which includes \$282,425 assigned from other School District funds. Interest revenue credited to the OSFC Vocational Renovation Project Capital Projects Fund during fiscal year 2007 amounted to \$169,138 which includes \$116,612 assigned from other School District funds. Interest revenue credited to the Food Service non-major Special Revenue Fund during fiscal year 2007 amounted to \$18,894.

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, 2007

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 19). Restricted assets in the OSFC Vocational Renovation Project Capital Projects Fund represent cash received through the capital lease-purchase agreement (See Note 13) and amounts held in escrow accounts for retainage, both of which are related to the school building renovation project.

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, 2007, 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 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, 2007

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 and budget stabilization.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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 2007. 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 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 \$3,453,667 of restricted net assets, none of which are restricted by enabling legislation.

O. Internal Activity

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

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, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Special Item

Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. (See Note 21.)

R. 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 fiscal 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 – ACCOUNTABILITY

At June 30, 2007, the OSFC Locally Funded Initiative Capital Projects Fund had a deficit balance of \$253,321 and the VEPD Grant Special Revenue Fund had a deficit fund balance of \$1,219. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$218,200)
Adjustments:	
Revenue Accruals	(7,335)
Expenditure Accruals	115,775
Advances	(26,401)
Encumbrances	(170,241)
Budget Basis	<u><u>(\$306,402)</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
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);
7. The State Treasurer's investment pool (STAR Ohio); and

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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.

Investments

As of June 30, 2007, the School District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-2	2-3	3-5
STAROhio	\$2,154,785	\$2,154,785	\$0	\$0	\$0
Negotiable Certificates of Deposit	785,680	492,389	293,291	0	0
Repurchase Agreement	948,629	948,629	0	0	0
Federal Home Loan Mortgage Corporation					
Step Up Medium Term Notes	249,620	0	249,620	0	0
Federal Home Loan Bank Step Up Coupon Bonds	1,887,310	199,657	1,588,153	99,500	0
Federal Home Loan Bank Bonds	199,188	0	0	199,188	0
Federal Home Loan Bank Notes	99,469	0	0	0	99,469
Federal National Mortgage Association					
Step Up Coupon Notes	99,906	0	0	0	99,906
Federal National Mortgage Association Notes	863,554	863,554	0	0	0
Federal National Mortgage Association Notes					
Step of Up Medium Term Notes	99,313	0	0	99,313	0
Total Investments	<u>\$7,387,454</u>	<u>\$4,659,014</u>	<u>\$2,131,064</u>	<u>\$398,001</u>	<u>\$199,375</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, 2007

NOTE 5 – 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. The Federal Home Loan Mortgage Corporation Step Up Medium Term Notes, Federal Home Loan Bank Step Up Coupon Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes and Federal National Mortgage Association Step Up Medium Term 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 addresses credit risk.

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 Mortgage Corporation Step Up Medium Term Notes, Federal Home Loan Bank Step Up Coupon Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes and Federal National Mortgage Association Step Up Medium Term 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 Federal Home Loan Bank Step Up Coupon Bonds, 13 percent is invested in a repurchase agreement, 12 percent is invested in Federal National Mortgage Association Notes and 11 percent is invested in negotiable certificates of deposit.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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 2007 (other than public utility property tax) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. 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 2007 is 12.5 percent. This will be reduced to 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 fiscal year, the June 2007 tangible personal property tax was not received until August 2007.

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, 2007, are available to finance fiscal year 2007 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, 2007

NOTE 6 – 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, 2007 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, 2007, were \$332,549 in the General Fund and \$133,490 in the Permanent Improvement Capital Projects Fund. 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.

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 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$549,156,390	91.78%	\$696,274,080	93.34%
Public Utility Personal	27,693,710	4.63%	32,590,390	4.37%
General Business Personal	21,466,778	3.59%	17,096,520	2.29%
Total Assessed Value	<u>\$598,316,878</u>	<u>100.00%</u>	<u>\$745,960,990</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$6.40		\$6.40	

Each fiscal year, the Treasurer allocates a portion of tax revenues that would be received in the Permanent Improvement fund to the Debt Service Fund to pay principal and interest on the School District's capital lease. The proceeds of the capital lease were used to construct capital improvements related to the School District's remodeling project.

NOTE 7 – RECEIVABLES

Receivables at June 30, 2007, 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 fiscal 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, 2007

NOTE 7 – RECEIVABLES (continued)

	<u>Amount</u>
Governmental Activities:	
\$10,000 Personal Property Tax Exemption	\$13,417
Lunchroom Reimbursement	5,219
Adult Education	12,004
Vocational Education Equipment	5,386
Title V	122
Drug Free Schools	163
Improving Teacher Quality	567
Learn and Serve Grant	279
Total Intergovernmental Receivables	<u><u>\$37,157</u></u>

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Ending Balance 6/30/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2007</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$68,701	\$0	\$0	\$68,701
Construction in Progress	2,375,188	7,898,565	(10,273,753)	0
Total Capital Assets, Not Being Depreciated	<u>2,443,889</u>	<u>7,898,565</u>	<u>(10,273,753)</u>	<u>68,701</u>
Capital Assets Being Depreciated				
Land Improvements	406,362	669,909	(50,217)	1,026,054
Buildings and Improvements	6,064,617	9,603,844	(3,296,530)	12,371,931
Furniture and Equipment	3,829,204	299,573	(175,990)	3,952,787
Vehicles	244,437	9,929	0	254,366
Total Capital Assets Being Depreciated	<u>10,544,620</u>	<u>10,583,255</u>	<u>(3,522,737)</u>	<u>17,605,138</u>
Less Accumulated Depreciation:				
Land Improvements	(362,291)	(2,359)	50,217	(314,433)
Buildings and Improvements	(3,280,351)	(410,779)	1,820,364	(1,870,766)
Furniture and Equipment	(2,576,156)	(260,173)	149,463	(2,686,866)
Vehicles	(180,597)	(7,008)	0	(187,605)
Total Accumulated Depreciation	<u>(6,399,395)</u>	<u>(680,319) *</u>	<u>2,020,044</u>	<u>(5,059,670)</u>
Total Capital Assets Being Depreciated, Net	<u>4,145,225</u>	<u>9,902,936</u>	<u>(1,502,693)</u>	<u>12,545,468</u>
Governmental Activities Capital Assets, Net	<u><u>\$6,589,114</u></u>	<u><u>\$17,801,501</u></u>	<u><u>(\$11,776,446)</u></u>	<u><u>\$12,614,169</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 8 – CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$15,778
Special	3,351
Vocational	567,283
Adult/Continuing	1,386
Support Services:	
Pupils	11,095
Instructional Staff	19,562
Board of Education	241
Administration	6,557
Fiscal	6,186
Operation and Maintenance of Plant	27,663
Pupil Transportation	1,919
Central	1,003
Operation of Non-Instruction Services:	
Food Service Operations	18,295
Total Depreciation Expense	<u><u>\$680,319</u></u>

NOTE 9 – RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, 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 \$17,396,497 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, 2007

NOTE 9 – RISK MANAGEMENT (continued)

B. Workers' Compensation Group Rating Plan

For fiscal year 2007, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Medical and Dental Benefits

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk and insurance purchasing pool (Note 18) consisting of eight 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 10 – DEFINED BENEFIT PENSION PLANS

A. School Employee 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 43215-3476, or by calling toll-free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 10 – 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 2007, 10.68 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, 2007, 2006 and 2005 were \$71,122, \$83,061 and \$80,056 respectively; 95.21 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

B. State Teachers Retirement System

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 43215-3771, by calling toll-free (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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 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, 2007

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

For the fiscal year ended June 30, 2007, 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 2006, 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, 2007, 2006, and 2005 were \$288,039, \$291,965, and \$292,332 respectively; 84.42 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$990 made by the School District and \$949 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, 2007, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 11 – POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded 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 cost 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, 2007, 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 \$22,157 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 11 – POSTEMPLOYMENT BENEFITS (continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. 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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, 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 2007 fiscal year equaled \$32,442.

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 at 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 benefits.

NOTE 12 – EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each fiscal year under contract. Sick leave may be accumulated up to a maximum of 240 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 60 days for all personnel.

B. Other Employee Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Lincoln National 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, 2007

NOTE 13 – 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. During fiscal year 2007, the School District made its first principal payment of \$464,210.

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 asset acquired through the capital lease is as follows:

<u>Asset</u>	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
School District Building	<u>\$2,452,648</u>	<u>\$12,263</u>	<u>\$2,440,385</u>

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, 2007.

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2008	\$594,638
2009	594,638
2010	594,638
2011	594,638
Total	<u>2,378,552</u>
Less: Amount Representing Interest	<u>(273,762)</u>
Present Value of Net Minimum Lease Payments	<u>\$2,104,790</u>

At fiscal year-end, \$2,452,648 of the proceeds of the lease had been spent toward constructing buildings and improvements, however, a large portion of these spent proceeds are represented as contracts payable on the balance sheet.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 14 – LONG-TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2007 were as follows:

	Amount Outstanding 6/30/06	Additions	Deductions	Amount Outstanding 6/30/07	Amounts Due in One Year
<u>Governmental Activities:</u>					
2005 Facility Improvement and Equipment Replacement					
Loan - 0%	\$466,667	\$0	\$33,333	\$433,334	\$33,333
Compensated Absences	268,557	76,595	42,832	302,320	39,570
Capital Lease	2,569,000	0	464,210	2,104,790	487,778
Total Governmental Activities					
Long-Term Obligations	<u>\$3,304,224</u>	<u>\$76,595</u>	<u>\$540,375</u>	<u>\$2,840,444</u>	<u>\$560,681</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, 2007, \$302,551 of the proceeds of this loan had been spent toward the project.

Principal requirements to retire the loan outstanding at June 30, 2007 are as follows:

Fiscal Year Ending June 30,	Equipment Replacement Loan Principal
2008	\$33,333
2009	33,333
2010	33,333
2011	33,333
2012	33,333
2014-2017	166,668
2018-2020	100,001
Total	<u>\$433,334</u>

Compensated absences will be paid from the General Fund and the Adult Education Special Revenue Fund.

The School District’s overall legal debt margin was \$65,151,070, with an unvoted debt margin of \$723,901 at June 30, 2007.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 15 – INTERFUND ACTIVITY

A. Interfund Receivables/Payables

As of June 30, 2007, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Receivable
	<u>General Fund</u>
Payable	
Nonmajor Governmental Funds	<u>\$91,638</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, 2007 were as follows:

	Transfers From
	<u>General Fund</u>
Transfers To	
Nonmajor Governmental Funds	<u>\$456,131</u>

Transfers were made from the General Fund to move unrestricted balances to support programs and projects accounted for in other funds. In addition, transfers totaling \$315,000 were made to the Classroom Facilities Maintenance Special Revenue Fund to provide monies for future maintenance of the School District's building, as required by the Ohio School Facilities Commission.

C. Advances To/From Other Funds

As of June 30, 2007, receivables and payables that resulted from various long-term advances were as follows:

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 15 – INTERFUND ACTIVITY (continued)

	<u>Advances From General Fund</u>
Advances To	
OSFC Vocational Renovation Project Fund	\$350,000
Nonmajor Governmental Funds	<u>6,390</u>
	<u><u>\$356,390</u></u>

The advance from the General Fund to the OSFC Vocational Renovation Project Fund was made to cover expenditures 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. The advance from the General Fund to the Rotary Special Revenue Fund was made to move monies needed to pay for supplies. The money will be advanced back to the General Fund when balances become available.

NOTE 16 – 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 \$17,858 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, 2007

NOTE 16 – 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 conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for School District personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District paid \$300 to the Coalition for services provided during the fiscal year.

NOTE 17 – INSURANCE PURCHASING POOL

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

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

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

NOTE 18 – PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL

Brown County Schools Benefits Consortium

The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) and dental coverage (public entity shared risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern, Fayetteville-Perry, Georgetown, Ripley-Union-Lewis-Huntington, Southern Hills Joint Vocational, and Western Brown Schools) along with the Brown County Educational Service Center and Lynchburg-Clay Local School District in Highland County have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a seven member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of medical and dental insurance for the benefit of the consortium members’ employees and their dependents.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 18 – PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL

(continued)

The consortium contracts with Medical Mutual of Ohio to provide medical insurance directly to consortium member employees. The Educational Service Center 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 Educational Service Center'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 19 – 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.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2006	(\$734,397)	\$0	\$20,297
Current Fiscal Year Set-aside Requirement	62,117	62,117	0
Qualifying Disbursements	(218,044)	(243,882)	0
Totals	<u>(\$890,324)</u>	<u>(\$181,765)</u>	<u>\$20,297</u>
Set-aside Reserve Balance as of June 30, 2007	<u>\$0</u>	<u>\$0</u>	<u>\$20,297</u>
Required Set-aside Balances Carried Forward to FY 2008	<u>(\$890,324)</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.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 20 – 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, 2007.

B. Litigation

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

NOTE 21 – SPECIAL ITEM

As a result of the remodeling of the School District's building, constructed through the Ohio School Facilities Commission Classroom Facilities Assistance Program, the School District demolished certain sections of the building and removed various improvements related to the demolition. The difference between the historical cost of these assets and their accumulated depreciation at the time of demolition and disposal resulted in a loss on disposal of capital assets of \$1,493,104, which is reported as a special item on the government-wide Statement of Activities.

NOTE 22 – CONSTRUCTION COMMITMENTS

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

<u>Contractor</u>	<u>Total Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/2007</u>
Matthew Toeppen Construction	\$4,392,411	\$3,635,690	\$756,721
Weller's Plumbing and Heating, Inc.	453,908	424,331	29,577
Sidewinder Electric Company	1,794,045	1,619,056	174,989
Emerald Fire Protection	242,665	237,685	4,980
Industrial Communications and Sound, Inc.	614,214	464,183	150,031
Artic Heating and Air Conditioning	1,632,909	1,586,040	46,869
Steed Hammond Paul, Inc.	781,446	719,848	61,598
Resource International	667,645	518,447	149,198
Continental Educational Environments	192,756	155,794	36,962
Stan & Associates	39,657	22,604	17,053
Total	<u>\$10,811,656</u>	<u>\$9,383,678</u>	<u>\$1,427,978</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 23 – SUBSEQUENT EVENT

In July 2007, the School District entered in to lease-purchase debt for the locally funded portion of the new School District building, and defeased the 2006 lease-purchase agreement with Fifth Third Bank. The School District is leasing the project from J.P. Morgan/Chase Bank. The total amount of principal on the lease is \$3,465,997.

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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 – This fund accounts 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 District.

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 – This fund accounts 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 accounts 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 accounts 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.

CLASSROOM FACILITIES MAINTENANCE – This fund accounts for transfers in from the General Fund for use in maintaining classroom facilities, based on Ohio School Facilities Commission requirements.

EDUCATIONAL MANAGEMENT INFORMATION SYSTEMS – This fund accounts for hardware and software development, or other costs associated with the requirements of the management information systems.

ONENET – This fund accounts for monies appropriated for Ohio Educational Network connections.

SCHOOLNET PROFESSIONAL DEVELOPMENT – This fund accounts for State monies used to provide professional development for teachers.

(continued)

*Southern Hills Joint Vocational School District
Fund Descriptions*

Nonmajor Special Revenue Funds (continued)

TECHNICAL PREPARATION GRANT – This fund accounts 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.

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

TITLE V – This fund accounts for federal funding used for improving State assessment test scores of economically disadvantaged students, students with disabilities and students with limited English proficiency.

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 used 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.

Debt Service Funds

Debt Service Funds are used to account for account for the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.. The following is a description of the School District's nonmajor Debt Service Fund:

Nonmajor Debt Service Fund

DEBT SERVICE – This fund accounts for the accumulation of resources for, and the payment of, principal and interest on the School District's lease purchase agreement.

(continued)

*Southern Hills Joint Vocational School District
Fund Descriptions*

(continued)

Agency Fund

The Agency Fund is 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 – This fund accounts for student activity programs which have student participation in the activity and have students involved in the management of the program.

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,610,783	\$0	\$1,610,783
Materials and Supplies Inventory	2,900	0	2,900
Accrued Interest Receivable	1,799	0	1,799
Intergovernmental Receivable	23,740	0	23,740
Property Taxes Receivable	0	183,044	183,044
	<u>0</u>	<u>183,044</u>	<u>183,044</u>
Total Assets	<u>\$1,639,222</u>	<u>\$183,044</u>	<u>\$1,822,266</u>
Liabilities and Fund Balances			
Liabilities			
Accrued Wages and Benefits Payable	\$18,994	\$0	\$18,994
Contracts Payable	12,423	0	12,423
Interfund Payable	91,638	0	91,638
Intergovernmental Payable	6,472	0	6,472
Deferred Revenue	17,971	183,044	201,015
Advances from Other Funds	6,390		6,390
	<u>6,390</u>	<u>183,044</u>	<u>6,390</u>
Total Liabilities	<u>153,888</u>	<u>183,044</u>	<u>336,932</u>
Fund Balances			
Reserved for Encumbrances	7,734	0	7,734
Undesignated, Reported in:			
Special Revenue Funds	1,477,600	0	1,477,600
	<u>1,477,600</u>	<u>0</u>	<u>1,477,600</u>
Total Fund Balances	<u>1,485,334</u>	<u>0</u>	<u>1,485,334</u>
Total Liabilities and Fund Balances	<u>\$1,639,222</u>	<u>\$183,044</u>	<u>\$1,822,266</u>

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Rotary</u>	<u>Adult Education</u>	<u>Public School Support</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$316,436	\$104,276	\$66,057	\$621,058	\$2,174
Materials and Supplies Inventory	2,900	0	0	0	0
Accrued Interest Receivable	1,799	0	0	0	0
Intergovernmental Receivable	5,219	0	0	12,004	0
Total Assets	<u>\$326,354</u>	<u>\$104,276</u>	<u>\$66,057</u>	<u>\$633,062</u>	<u>\$2,174</u>
Liabilities and Fund Balances					
Liabilities					
Accrued Wages and Benefits Payable	\$13,762	\$0	\$0	\$4,260	\$0
Contracts Payable	0	0	0	0	0
Interfund Payable	0	0	15,000	0	0
Intergovernmental Payable	4,873	0	0	1,453	0
Deferred Revenue	581	0	0	12,004	0
Advances from Other Funds	0	0	6,390	0	0
Total Liabilities	<u>19,216</u>	<u>0</u>	<u>21,390</u>	<u>17,717</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	274	0
Unreserved, Undesignated (Deficit)	307,138	104,276	44,667	615,071	2,174
Total Fund Balances (Deficit)	<u>307,138</u>	<u>104,276</u>	<u>44,667</u>	<u>615,345</u>	<u>2,174</u>
Total Liabilities and Fund Balances	<u>\$326,354</u>	<u>\$104,276</u>	<u>\$66,057</u>	<u>\$633,062</u>	<u>\$2,174</u>

<u>Renewed Opportunity</u>	<u>Classroom Facilities Maintenance</u>	<u>Educational Management Information Systems</u>	<u>SchoolNet Professional Development</u>	<u>Technical Preparation Grant</u>
\$55,317	\$315,000	\$6,502	\$5,025	\$22,316
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$55,317</u>	<u>\$315,000</u>	<u>\$6,502</u>	<u>\$5,025</u>	<u>\$22,316</u>
\$972	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>972</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	5,025	0
54,345	315,000	6,502	0	22,316
<u>54,345</u>	<u>315,000</u>	<u>6,502</u>	<u>5,025</u>	<u>22,316</u>
<u>\$55,317</u>	<u>\$315,000</u>	<u>\$6,502</u>	<u>\$5,025</u>	<u>\$22,316</u>

(continued)

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007
(continued)

	Miscellaneous State Grants	VEPD Grant	Title V	Safe and Drug Free Schools	Tele- communications Act Grant
Assets					
Equity in Pooled Cash and Cash Equivalents	\$5,600	\$71,350	\$975	\$1,303	\$7,655
Materials and Supplies Inventory	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0
Intergovernmental Receivable	0	5,386	122	163	0
Total Assets	\$5,600	\$76,736	\$1,097	\$1,466	\$7,655
Liabilities and Fund Balances					
Liabilities					
Accrued Wages and Benefits Payable	\$0	\$0	\$0	\$0	\$0
Contracts Payable	0	12,423	0	0	0
Interfund Payable	3,600	60,000	1,097	1,466	0
Intergovernmental Payable	0	146	0	0	0
Deferred Revenue	0	5,386	0	0	0
Advances from Other Funds	0	0	0	0	0
Total Liabilities	3,600	77,955	1,097	1,466	0
Fund Balances					
Reserved for Encumbrances	0	2,325	0	0	0
Unreserved, Undesignated (Deficit)	2,000	(3,544)	0	0	7,655
Total Fund Balances (Deficit)	2,000	(1,219)	0	0	7,655
Total Liabilities and Fund Balances	\$5,600	\$76,736	\$1,097	\$1,466	\$7,655

Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$2,408	\$7,331	\$1,610,783
0	0	2,900
0	0	1,799
567	279	23,740
<u>\$2,975</u>	<u>\$7,610</u>	<u>\$1,639,222</u>

\$0	\$0	\$18,994
0	0	12,423
2,975	7,500	91,638
0	0	6,472
0	0	17,971
0	0	6,390
<u>2,975</u>	<u>7,500</u>	<u>153,888</u>

0	110	7,734
0	0	1,477,600
<u>0</u>	<u>110</u>	<u>1,485,334</u>
<u>\$2,975</u>	<u>\$7,610</u>	<u>\$1,639,222</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, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$0	\$560,504	\$560,504
Intergovernmental	425,928	34,134	460,062
Interest	18,894	0	18,894
Tuition and Fees	130,150	0	130,150
Customer Sales and Services	165,824	0	165,824
Miscellaneous	4,070	0	4,070
Total Revenues	744,866	594,638	1,339,504
Expenditures			
Current:			
Instruction:			
Vocational	175,671	0	175,671
Adult/Continuing	120,405	0	120,405
Support Services:			
Pupils	167,819	0	167,819
Instructional Staff	12,086	0	12,086
Administration	121,489	0	121,489
Business	27,090	0	27,090
Operation and Maintenance of Plant	1,000	0	1,000
Pupil Transportation	4,500	0	4,500
Central	17,940	0	17,940
Operation of Non-Instructional Services:			
Food Service Operations	216,972	0	216,972
Debt Service:			
Principal	0	464,210	464,210
Interest and Fiscal Charges	0	130,428	130,428
Total Expenditures	864,972	594,638	1,459,610
Excess of Revenues Under Expenditures	(120,106)	0	(120,106)
Other Financing Sources			
Transfers In	456,131	0	456,131
Net Change in Fund Balances	336,025	0	336,025
Fund Balances at Beginning of Year	1,149,309	0	1,149,309
Fund Balances at End of Year	\$1,485,334	\$0	\$1,485,334

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, 2007

	Lunchroom	Uniform School Supplies	Rotary	Adult Education	Public School Support
Revenues					
Intergovernmental	\$64,114	\$0	\$0	\$78,411	\$0
Interest	18,894	0	0	0	0
Tuition and Fees	0	29,678	0	100,472	0
Customer Sales and Services	86,193	0	79,631	0	0
Miscellaneous	0	0	2,544	0	1,526
Total Revenues	169,201	29,678	82,175	178,883	1,526
Expenditures					
Current:					
Instruction:					
Vocational	0	0	75,205	0	0
Adult/Continuing	0	0	0	120,405	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	0	0	0
Administration	0	0	0	119,807	1,682
Business	0	26,895	0	195	0
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services:					
Food Service Operations	216,972	0	0	0	0
Total Expenditures	216,972	26,895	75,205	240,407	1,682
Excess of Revenues Over (Under) Expenditures	(47,771)	2,783	6,970	(61,524)	(156)
Other Financing Sources					
Transfers In	61,000	0	0	80,000	0
Net Change in Fund Balances	13,229	2,783	6,970	18,476	(156)
Fund Balances (Deficit) at Beginning of Year	293,909	101,493	37,697	596,869	2,330
Fund Balances (Deficit) at End of Year	\$307,138	\$104,276	\$44,667	\$615,345	\$2,174

(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, 2007
(continued)

	Renewed Opportunity	Classroom Facilities Maintenance	Educational Management Information Systems	OneNet	SchoolNet Professional Development
Revenues					
Intergovernmental	\$61,906	\$0	\$5,000	\$3,000	\$2,300
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
Total Revenues	61,906	0	5,000	3,000	2,300
Expenditures					
Current:					
Instruction:					
Vocational	0	0	0	0	0
Adult/Continuing	0	0	0	0	0
Support Services:					
Pupils	57,813	0	0	0	0
Instructional Staff	0	0	0	3,000	0
Administration	0	0	0	0	0
Business	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	17,940	0	0
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	0	0
Total Expenditures	57,813	0	17,940	3,000	0
Excess of Revenues Over (Under) Expenditures	4,093	0	(12,940)	0	2,300
Other Financing Sources					
Transfers In	0	315,000	0	0	0
Net Change in Fund Balances	4,093	315,000	(12,940)	0	2,300
<i>Fund Balances (Deficit) at Beginning of Year</i>	<i>50,252</i>	<i>0</i>	<i>19,442</i>	<i>0</i>	<i>2,725</i>
<i>Fund Balances (Deficit) at End of Year</i>	<i>\$54,345</i>	<i>\$315,000</i>	<i>\$6,502</i>	<i>\$0</i>	<i>\$5,025</i>

Technical Preparation Grant	Miscellaneous State Grants	VEPD Grant	Title V	Safe and Drug Free Schools
\$0	\$6,000	\$173,501	\$1,219	\$1,629
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	6,000	173,501	1,219	1,629
0	4,000	91,158	1,219	0
0	0	0	0	0
0	0	104,161	0	1,629
0	0	2,000	0	0
0	0	0	0	0
0	0	0	0	0
0	1,000	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	5,000	197,319	1,219	1,629
0	1,000	(23,818)	0	0
0	0	0	0	0
0	1,000	(23,818)	0	0
22,316	1,000	22,599	0	0
<u>\$22,316</u>	<u>\$2,000</u>	<u>(\$1,219)</u>	<u>\$0</u>	<u>\$0</u>

(continued)

Southern Hills Joint Vocational School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2007
(continued)

	Tele- communications Act Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Revenues				
Intergovernmental	\$7,655	\$6,193	\$15,000	\$425,928
Interest	0	0	0	18,894
Tuition and Fees	0	0	0	130,150
Customer Sales and Services	0	0	0	165,824
Miscellaneous	0	0	0	4,070
<i>Total Revenues</i>	<u>7,655</u>	<u>6,193</u>	<u>15,000</u>	<u>744,866</u>
Expenditures				
Current:				
Instruction:				
Vocational	0	0	4,089	175,671
Adult/Continuing	0	0	0	120,405
Support Services:				
Pupils	0	0	4,216	167,819
Instructional Staff	1,697	3,304	2,085	12,086
Administration	0	0	0	121,489
Business	0	0	0	27,090
Operation and Maintenance of Plant	0	0	0	1,000
Pupil Transportation	0	0	4,500	4,500
Central	0	0	0	17,940
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	216,972
<i>Total Expenditures</i>	<u>1,697</u>	<u>3,304</u>	<u>14,890</u>	<u>864,972</u>
Excess of Revenues Over (Under) Expenditures	5,958	2,889	110	(120,106)
Other Financing Sources				
Transfers In	0	131	0	456,131
Net Change in Fund Balances	5,958	3,020	110	336,025
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>1,697</u>	<u>(3,020)</u>	<u>0</u>	<u>1,149,309</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$7,655</u></u>	<u><u>\$0</u></u>	<u><u>\$110</u></u>	<u><u>\$1,485,334</u></u>

Southern Hills Joint Vocational School
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2007

	<u>Balance at 6/30/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/07</u>
<u>STUDENT MANAGED ACTIVITY</u>				
<i>Assets</i>				
Equity in Pooled Cash and Cash Equivalents	<u>\$21,370</u>	<u>\$42,312</u>	<u>\$40,253</u>	<u>\$23,429</u>
<i>Liabilities</i>				
Undistributed Monies	<u>\$21,370</u>	<u>\$42,312</u>	<u>\$40,253</u>	<u>\$23,429</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,820,272	\$1,661,560	\$1,663,756	\$2,196
Intergovernmental	3,468,203	3,418,482	3,418,659	177
Tuition and Fees	5,073	5,000	9,780	4,780
Rent	761	750	0	(750)
Gifts and Donations	101	100	238	138
Customer Sales and Services	558	550	500	(50)
Total Revenues	5,294,968	5,086,442	5,092,933	6,491
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	187,989	189,207	188,621	586
Fringe Benefits	57,584	56,347	56,285	62
Purchased Services	650	650	0	650
Materials and Supplies	5,500	5,767	1,774	3,993
Capital Outlay - New	250	798	798	0
Total Regular	251,973	252,769	247,478	5,291
Special:				
Salaries and Wages	0	66,545	65,159	1,386
Fringe Benefits	0	23,751	23,509	242
Purchased Services	0	200	0	200
Capital Outlay - New	0	1,000	336	664
Total Special	0	91,496	89,004	2,492
Vocational:				
Salaries and Wages	1,623,030	1,555,159	1,543,536	11,623
Fringe Benefits	562,856	516,779	513,264	3,515
Purchased Services	224,993	288,961	259,607	29,354
Materials and Supplies	221,476	285,447	247,031	38,416
Capital Outlay - New	146,988	373,265	362,054	11,211
Other	0	8,200	8,178	22
Total Vocational	2,779,343	3,027,811	2,933,670	94,141
Total Instruction	3,031,316	3,372,076	3,270,152	101,924
Support Services:				
Pupils:				
Salaries and Wages	128,487	59,067	59,065	2
Fringe Benefits	54,948	21,570	21,186	384
Purchased Services	6,925	3,375	67	3,308
Materials and Supplies	5,500	1,750	692	1,058
Capital Outlay - New	1,100	1,100	90	1,010
Total Pupils	196,960	86,862	81,100	5,762
Instructional Staff:				
Salaries and Wages	54,535	106,640	105,667	973
Fringe Benefits	19,547	39,914	39,004	910
Purchased Services	2,550	2,050	1,085	965
Materials and Supplies	7,100	6,330	4,281	2,049
Capital Outlay - New	1,000	1,000	514	486
Total Instructional Staff	\$84,732	\$155,934	\$150,551	\$5,383

(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, 2007
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Board of Education:				
Salaries and Wages	\$10,500	\$10,500	\$9,125	\$1,375
Fringe Benefits	2,930	3,180	1,961	1,219
Purchased Services	17,750	12,750	11,509	1,241
Capital Outlay - New	500	16,000	15,777	223
Other	18,000	500	0	500
Total Board of Education	49,680	42,930	38,372	4,558
Administration:				
Salaries and Wages	289,964	286,689	285,194	1,495
Fringe Benefits	106,960	116,504	115,075	1,429
Purchased Services	6,500	8,700	7,174	1,526
Materials and Supplies	19,610	15,610	12,767	2,843
Capital Outlay - New	11,000	2,000	970	1,030
Total Administration	434,034	429,503	421,180	8,323
Fiscal:				
Salaries and Wages	223,599	160,974	160,334	640
Fringe Benefits	157,947	142,976	141,639	1,337
Purchased Services	8,778	6,778	4,649	2,129
Materials and Supplies	2,161	3,161	2,696	465
Capital Outlay - New	2,000	93,050	91,973	1,077
Other	74,900	2,000	0	2,000
Total Fiscal	469,385	408,939	401,291	7,648
Business:				
Salaries and Wages	22,000	20,034	20,034	0
Fringe Benefits	3,500	9,545	9,545	0
Other	75	125	81	44
Total Business	25,575	29,704	29,660	44
Operation and Maintenance of Plant:				
Salaries and Wages	152,758	140,758	137,348	3,410
Fringe Benefits	63,381	75,203	73,515	1,688
Purchased Services	304,473	219,048	210,703	8,345
Materials and Supplies	51,214	53,214	45,369	7,845
Capital Outlay - New	7,500	2,500	460	2,040
Total Operation and Maintenance of Plant	579,326	490,723	467,395	23,328
Pupil Transportation:				
Salaries and Wages	7,500	8,050	8,044	6
Fringe Benefits	1,215	1,565	1,443	122
Purchased Services	13,750	18,100	14,281	3,819
Materials and Supplies	13,500	17,020	16,423	597
Total Pupil Transportation	\$35,965	\$44,735	\$40,191	\$4,544

(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, 2007
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Central:				
Salaries and Wages	\$1,000	\$1,000	\$0	\$1,000
Fringe Benefits	160	160	0	160
Purchased Services	32,838	32,838	22,918	9,920
Materials and Supplies	1,000	1,000	14	986
Total Central	34,998	34,998	22,932	12,066
Total Support Services	1,910,655	1,724,328	1,652,672	71,656
Extracurricular Activities:				
Occupational Oriented Activities:				
Salaries and Wages	0	7,000	6,500	500
Fringe Benefits	0	1,084	996	88
Total Extracurricular Activities	0	8,084	7,496	588
Capital Outlay:				
Site Improvement Services:				
Capital Outlay - New	0	500	368	132
Total Expenditures	4,941,971	5,104,988	4,930,688	174,300
Excess of Revenues Over (Under) Expenditures	352,997	(18,546)	162,245	180,791
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,600	5,600	9,589	3,989
Refund of Prior Year Expenditures	0	0	4,296	4,296
Advances In	65,237	65,237	65,237	0
Advances Out	(175,000)	(175,000)	(91,638)	83,362
Transfers Out	(250,000)	(457,000)	(456,131)	869
Total Other Financing Sources (Uses)	(354,163)	(561,163)	(468,647)	92,516
Net Change in Fund Balance	(1,166)	(579,709)	(306,402)	273,307
Fund Balance at Beginning of Year	3,212,508	3,212,508	3,212,508	0
Prior Year Encumbrances Appropriated	42,631	42,631	42,631	0
Fund Balance at End of Year	\$3,253,973	\$2,675,430	\$2,948,737	\$273,307

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$724,785	\$39,651	\$39,459	(\$192)
Intergovernmental	11,391	37,282	37,720	438
Interest	88,609	290,000	296,496	6,496
<i>Total Revenues</i>	824,785	366,933	373,675	6,742
Expenditures				
Current:				
Support Services:				
Fiscal:				
Other	21,000	21,000	16,783	4,217
Operation and Maintenance of Plant:				
Purchased Services	106,297	106,297	6,997	99,300
<i>Total Support Services</i>	127,297	127,297	23,780	103,517
Capital Outlay:				
Site Improvement Services:				
Purchased Services	0	749,500	7,633	741,867
Capital Outlay - Replacement	1,049,000	0	0	0
<i>Total Capital Outlay</i>	1,049,000	749,500	7,633	741,867
Debt Service:				
Principal Retirement	70,000	70,000	33,333	36,667
Interest and Fiscal Charges	10,000	10,000	8,778	1,222
<i>Total Debt Service</i>	80,000	80,000	42,111	37,889
<i>Total Expenditures</i>	1,256,297	956,797	73,524	883,273
Net Change in Fund Balance	(431,512)	(589,864)	300,151	890,015
Fund Balance at Beginning of Year	898,724	898,724	898,724	0
Prior Year Encumbrances Appropriated	6,297	6,297	6,297	0
Fund Balance at End of Year	\$473,509	\$315,157	\$1,205,172	\$890,015

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Gifts and Donations	\$0	\$10	\$10	\$0
Miscellaneous	<u>0</u>	<u>45,213</u>	<u>45,213</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>45,223</u>	<u>45,223</u>	<u>0</u>
Expenditures				
Capital Outlay:				
Site Improvement Services:				
Purchased Services	0	45,252	45,252	0
Materials and Supplies	1,000	875	875	0
Capital Outlay - New	1,427,491	1,284,165	1,283,149	1,016
Capital Outlay - Replacement	<u>0</u>	<u>50</u>	<u>50</u>	<u>0</u>
Total Site Improvement Services	1,428,491	1,330,342	1,329,326	1,016
Architecture and Engineering Services:				
Purchased Services	<u>42,369</u>	<u>30,369</u>	<u>30,369</u>	<u>0</u>
Total Expenditures	<u>1,470,860</u>	<u>1,360,711</u>	<u>1,359,695</u>	<u>1,016</u>
Net Change in Fund Balance	(1,470,860)	(1,315,488)	(1,314,472)	1,016
Fund Balance at Beginning of Year	1,471,643	1,471,643	1,471,643	0
Prior Year Encumbrances Appropriated	<u>29,369</u>	<u>29,369</u>	<u>29,369</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$30,152</u></u>	<u><u>\$185,524</u></u>	<u><u>\$186,540</u></u>	<u><u>\$1,016</u></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, 2007

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$6,828,571	\$3,853,634	\$4,148,775	\$295,141
Interest	276,429	156,000	159,244	3,244
<i>Total Revenues</i>	<u>7,105,000</u>	<u>4,009,634</u>	<u>4,308,019</u>	<u>298,385</u>
Expenditures				
Capital Outlay:				
Site Improvement Services:				
Purchased Services	113,645	119,345	118,450	895
Capital Outlay - New	6,633,230	7,770,496	7,735,463	35,033
Capital Outlay - Replacement	8,674	74	0	74
Total Site Improvement Services	<u>6,755,549</u>	<u>7,889,915</u>	<u>7,853,913</u>	<u>36,002</u>
Architecture and Engineering Services:				
Purchased Services	<u>308,029</u>	<u>496,054</u>	<u>496,031</u>	<u>23</u>
<i>Total Expenditures</i>	<u>7,063,578</u>	<u>8,385,969</u>	<u>8,349,944</u>	<u>36,025</u>
Net Change in Fund Balance	41,422	(4,376,335)	(4,041,925)	334,410
Fund Balance at Beginning of Year	4,498,849	4,498,849	4,498,849	0
Prior Year Encumbrances Appropriated	<u>398,499</u>	<u>398,499</u>	<u>398,499</u>	<u>0</u>
Fund Balance at End of Year	<u>\$4,938,770</u>	<u>\$521,013</u>	<u>\$855,423</u>	<u>\$334,410</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, 2007*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$58,351	\$47,500	\$47,558	\$58
Interest	17,321	14,100	16,895	2,795
Customer Sales and Services	103,128	83,950	86,193	2,243
<i>Total Revenues</i>	<u>178,800</u>	<u>145,550</u>	<u>150,646</u>	<u>5,096</u>
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	78,000	78,000	72,503	5,497
Fringe Benefits	57,416	58,926	58,642	284
Purchased Services	1,000	1,000	394	606
Materials and Supplies	103,534	102,024	65,224	36,800
Capital Outlay - New	10,000	10,000	2,029	7,971
Other	50	50	15	35
<i>Total Expenditures</i>	<u>250,000</u>	<u>250,000</u>	<u>198,807</u>	<u>51,193</u>
Excess of Revenues Over (Under) Expenditures	(71,200)	(104,450)	(48,161)	56,289
Other Financing Sources				
Transfers In	<u>0</u>	<u>61,000</u>	<u>61,000</u>	<u>0</u>
Net Change in Fund Balance	(71,200)	(43,450)	12,839	56,289
Fund Balance at Beginning of Year	<u>304,168</u>	<u>304,168</u>	<u>304,168</u>	<u>0</u>
Fund Balance at End of Year	<u>\$232,968</u>	<u>\$260,718</u>	<u>\$317,007</u>	<u>\$56,289</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<i>Revenues</i>				
Tuition and Fees	\$23,875	\$26,565	\$29,678	\$3,113
<i>Expenditures</i>				
Current:				
Support Services:				
Business:				
Materials and Supplies	35,000	40,500	26,891	13,609
Other	500	500	4	496
<i>Total Expenditures</i>	<u>35,500</u>	<u>41,000</u>	<u>26,895</u>	<u>14,105</u>
Net Change in Fund Balance	(11,625)	(14,435)	2,783	17,218
Fund Balance at Beginning of Year	<u>101,492</u>	<u>101,492</u>	<u>101,492</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$89,867</u></u>	<u><u>\$87,057</u></u>	<u><u>\$104,275</u></u>	<u><u>\$17,218</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, 2007

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Customer Sales and Services	\$76,644	\$79,374	\$79,631	\$257
Miscellaneous	2,456	2,544	2,544	0
<i>Total Revenues</i>	<u>79,100</u>	<u>81,918</u>	<u>82,175</u>	<u>257</u>
Expenditures				
Current:				
Instruction:				
Vocational:				
Fringe Benefits	5,000	4,914	4,914	0
Purchased Services	1,500	3,740	3,738	2
Materials and Supplies	121,050	116,698	66,553	50,145
<i>Total Expenditures</i>	<u>127,550</u>	<u>125,352</u>	<u>75,205</u>	<u>50,147</u>
Excess of Revenues Over (Under) Expenditures	(48,450)	(43,434)	6,970	50,404
Other Financing Sources				
Advances In	15,000	15,000	15,000	0
Net Change in Fund Balance	(33,450)	(28,434)	21,970	50,404
Fund Balance at Beginning of Year	44,089	44,089	44,089	0
Fund Balance at End of Year	<u>\$10,639</u>	<u>\$15,655</u>	<u>\$66,059</u>	<u>\$50,404</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, 2007

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$73,833	\$78,000	\$78,411	\$411
Tuition and Fees	91,667	96,840	100,472	3,632
<i>Total Revenues</i>	<u>165,500</u>	<u>174,840</u>	<u>178,883</u>	<u>4,043</u>
Expenditures				
Current:				
Instruction:				
Adult/Continuing:				
Salaries and Wages	101,500	101,500	73,457	28,043
Fringe Benefits	17,497	17,497	11,550	5,947
Purchased Services	21,864	25,914	11,267	14,647
Materials and Supplies	33,048	37,548	24,308	13,240
Capital Outlay - New	4,000	4,000	1,623	2,377
Total Instruction	<u>177,909</u>	<u>186,459</u>	<u>122,205</u>	<u>64,254</u>
Support Services:				
Administration:				
Salaries and Wages	77,500	77,349	74,538	2,811
Fringe Benefits	44,146	44,961	44,942	19
Materials and Supplies	1,000	1,000	347	653
Total Administration	<u>122,646</u>	<u>123,310</u>	<u>119,827</u>	<u>3,483</u>
Business:				
Other	<u>500</u>	<u>500</u>	<u>195</u>	<u>305</u>
Total Support Services	<u>123,146</u>	<u>123,810</u>	<u>120,022</u>	<u>3,788</u>
<i>Total Expenditures</i>	<u>301,055</u>	<u>310,269</u>	<u>242,227</u>	<u>68,042</u>
Excess of Revenues Over (Under) Expenditures	(135,555)	(135,429)	(63,344)	72,085
Other Financing Sources				
Transfers In	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Net Change in Fund Balance	(55,555)	(55,429)	16,656	72,085
Fund Balance at Beginning of Year	600,495	600,495	600,495	0
Prior Year Encumbrances Appropriated	<u>3,634</u>	<u>3,634</u>	<u>3,634</u>	<u>0</u>
Fund Balance at End of Year	<u>\$548,574</u>	<u>\$548,700</u>	<u>\$620,785</u>	<u>\$72,085</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, 2007

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$3,000	\$1,526	\$1,526	\$0
Expenditures				
Current:				
Support Services:				
Administration:				
Materials and Supplies	3,700	3,700	1,682	2,018
Net Change in Fund Balance	(700)	(2,174)	(156)	2,018
Fund Balance at Beginning of Year	2,330	2,330	2,330	0
Fund Balance at End of Year	<u>\$1,630</u>	<u>\$156</u>	<u>\$2,174</u>	<u>\$2,018</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
Revenues				
Intergovernmental	\$58,200	\$61,906	\$61,906	\$0
Expenditures				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	33,181	33,659	17,272	16,387
Fringe Benefits	15,217	12,861	10,678	2,183
Purchased Services	35,130	36,852	29,388	7,464
Materials and Supplies	250	405	403	2
Total Expenditures	<u>83,778</u>	<u>83,777</u>	<u>57,741</u>	<u>26,036</u>
Net Change in Fund Balance	(25,578)	(21,871)	4,165	26,036
Fund Balance at Beginning of Year	<u>51,156</u>	<u>51,156</u>	<u>51,156</u>	<u>0</u>
Fund Balance at End of Year	<u>\$25,578</u>	<u>\$29,285</u>	<u>\$55,321</u>	<u>\$26,036</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Classroom Facilities Maintenance
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Other Financing Sources:</i>				
Transfers In	\$0	\$315,000	\$315,000	\$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>\$315,000</u></u>	<u><u>\$315,000</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
Educational Management Information Systems
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$5,000	\$5,000	\$5,000	\$0
Expenditures				
Current:				
Support Services:				
Central:				
Salaries and Wages	9,500	2,000	0	2,000
Fringe Benefits	1,775	525	0	525
Purchased Services	2,000	21,505	17,658	3,847
Materials and Supplies	1,500	300	282	18
Capital Outlay - New	1,750	100	0	100
Total Expenditures	16,525	24,430	17,940	6,490
Net Change in Fund Balance	(11,525)	(19,430)	(12,940)	6,490
Fund Balance at Beginning of Year	19,443	19,443	19,443	0
Fund Balance at End of Year	<u>\$7,918</u>	<u>\$13</u>	<u>\$6,503</u>	<u>\$6,490</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<i>Revenues</i>				
Intergovernmental	\$2,500	\$3,000	\$3,000	\$0
<i>Expenditures</i>				
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	2,500	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>\$2,500</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$2,725	\$2,300	\$2,300	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>2,725</u>	<u>5,025</u>	<u>5,025</u>	<u>0</u>
Net Change in Fund Balance	0	(2,725)	(2,725)	0
Fund Balance at Beginning of Year	<u>2,725</u>	<u>2,725</u>	<u>2,725</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,725</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
Technical Preparation Grant
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$7,500	\$0	\$0	\$0
Fund Balance at Beginning of Year	22,316	22,316	22,316	0
Fund Balance at End of Year	\$29,816	\$22,316	\$22,316	\$0

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$4,400	\$6,400	\$6,400	\$0
Expenditures				
Current:				
Instruction:				
Regular Instruction:				
Purchased Services	1,000	1,000	0	1,000
Vocational:				
Salaries and Wages	3,457	3,457	3,457	0
Fringe Benefits	543	543	543	0
Purchased Services	0	1,000	0	1,000
Total Vocational	4,000	5,000	4,000	1,000
Total Instruction	5,000	6,000	4,000	2,000
Support Services:				
Administration:				
Purchased Services	0	1,000	1,000	0
Total Expenditures	5,000	7,000	5,000	2,000
Excess of Revenues Over (Under) Expenditures	(600)	(600)	1,400	2,000
Other Financing Sources (Uses)				
Advances In	0	0	3,600	3,600
Advances Out	(400)	(400)	(400)	0
Total Other Financing Sources (Uses)	(400)	(400)	3,200	3,600
Net Change in Fund Balance	(1,000)	(1,000)	4,600	5,600
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	1,000	1,000	1,000	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$5,600</u>	<u>\$5,600</u>

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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$176,425	\$177,639	\$173,501	(\$4,138)
Expenditures				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	52,175	58,498	58,498	0
Fringe Benefits	13,785	18,378	18,378	0
Purchased Services	11,900	10,144	10,135	9
Materials and Supplies	7,201	5,751	5,751	0
Total Instruction	85,061	92,771	92,762	9
Support Services:				
Pupils:				
Salaries and Wages	56,254	72,841	72,841	0
Fringe Benefits	16,100	19,106	19,106	0
Purchased Services	3,012	3,339	3,339	0
Materials and Supplies	2,800	3,178	3,178	0
Total Pupils	78,166	98,464	98,464	0
Instructional Staff:				
Purchased Services	2,000	2,000	2,000	0
Total Support Services	80,166	100,464	100,464	0
Total Expenditures	165,227	193,235	193,226	9
Excess of Revenues Over (Under) Expenditures	11,198	(15,596)	(19,725)	(4,129)
Other Financing Sources (Uses)				
Advances In	46,000	46,000	60,000	14,000
Advances Out	(50,000)	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	(4,000)	(4,000)	10,000	14,000
Net Change in Fund Balance	7,198	(19,596)	(9,725)	9,871
Fund Balance at Beginning of Year	39,580	39,580	39,580	0
Prior Year Encumbrances Appropriated	26,762	26,762	26,762	0
Fund Balance at End of Year	\$73,540	\$46,746	\$56,617	\$9,871

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title V
For the Fiscal Year Ended June 30, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Intergovernmental	\$2,367	\$3,342	\$3,220	(\$122)
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	1,219	1,219	1,219	0
Excess of Revenues Over (Under) Expenditures	1,148	2,123	2,001	(122)
Other Financing Sources (Uses)				
Advances In	975	975	1,097	122
Advances Out	(2,123)	(2,123)	(2,123)	0
Total Other Financing Sources (Uses)	(1,148)	(1,148)	(1,026)	122
Net Change in Fund Balance	0	975	975	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$975</u>	<u>\$975</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$1,629	\$1,629	\$1,466	(\$163)
Expenditures				
Current:				
Support Services:				
Pupils:				
Purchased Services	1,629	1,629	1,629	0
Excess of Revenues Under Expenditures	0	0	(163)	(163)
Other Financing Sources (Uses)				
Advances In	0	1,303	1,466	163
Advances Out	(1,764)	(1,764)	(1,764)	0
Total Other Financing Sources (Uses)	(1,764)	(461)	(298)	163
Net Change in Fund Balance	(1,764)	(461)	(461)	0
Fund Balance at Beginning of Year	1,764	1,764	1,764	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$1,303</u>	<u>\$1,303</u>	<u>\$0</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
<i>Intergovernmental</i>	\$0	\$0	\$7,655	\$7,655
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	<u>0</u>	<u>1,697</u>	<u>1,697</u>	<u>0</u>
Net Change in Fund Balance	0	(1,697)	5,958	7,655
Fund Balance at Beginning of Year	<u>1,697</u>	<u>1,697</u>	<u>1,697</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,697</u></u>	<u><u>\$0</u></u>	<u><u>\$7,655</u></u>	<u><u>\$7,655</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$6,193	\$6,194	\$5,626	(\$568)
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	3,304	3,304	3,304	0
Excess of Revenues Over (Under) Expenditures	2,889	2,890	2,322	(568)
Other Financing Sources (Uses)				
Advances In	131	131	131	0
Advances Out	(3,020)	(3,020)	(3,020)	0
Transfers In	0	2,407	2,975	568
Total Other Financing Sources (Uses)	(2,889)	(482)	86	568
Net Change in Fund Balance	0	2,408	2,408	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$2,408</u>	<u>\$2,408</u>	<u>\$0</u>

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, 2007

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$15,000	\$15,000	\$14,721	(\$279)
Expenditures				
Current:				
Instruction:				
Vocational:				
Salaries and Wages	2,250	2,250	2,250	0
Fringe Benefits	382	319	320	(1)
Materials and Supplies	1,133	1,129	1,129	0
Capital Outlay - New	500	500	500	0
Total Instruction	4,265	4,198	4,199	(1)
Support Services:				
Pupils:				
Salaries and Wages	2,250	2,250	2,250	0
Fringe Benefits	381	363	363	0
Materials and Supplies	1,603	1,603	1,603	0
Total Pupils	4,234	4,216	4,216	0
Instructional Staff:				
Purchased Services	1,000	1,000	1,000	0
Materials and Supplies	1,000	1,085	1,085	0
Total Instructional Staff	2,000	2,085	2,085	0
Pupil Transportation:				
Purchased Services	4,500	4,500	4,500	0
Total Support Services	10,734	10,801	10,801	0
Total Expenditures	14,999	14,999	15,000	(1)
Excess of Revenues Over (Under) Expenditures	1	1	(279)	(280)
Other Financing Sources (Uses)				
Advances In	0	0	7,500	7,500
Advances Out	(7,700)	(7,700)	(7,700)	0
Total Other Financing Sources (Uses)	(7,700)	(7,700)	(200)	7,500
Net Change in Fund Balance	(7,699)	(7,699)	(479)	7,220
Fund Balance at Beginning of Year	7,699	7,699	7,699	0
Fund Balance at End of Year	\$0	\$0	\$7,220	\$7,220

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$0	\$560,504	\$560,504	\$0
Intergovernmental	0	34,134	34,134	0
<i>Total Revenues</i>	0	594,638	594,638	0
Expenditures				
Debt Service:				
Principal Retirement	0	464,210	464,210	0
Interest and Fiscal Charges	0	130,428	130,428	0
<i>Total Expenditures</i>	0	594,638	594,638	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0	\$0

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STATISTICAL SECTION

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Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	S2-S13
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	S14-S19
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S20-S24
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	S25-S26
Operating Information These schedules contain service data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S27-S34

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 No. 34 in 2002; schedules presenting government-wide information include information beginning in that fiscal year.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<i>Governmental Activities</i>			
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
Food Service	0	0	0
Adult Education	0	0	0
Other Purposes	396,916	1,100,302	1,158,339
Set-Asides	0	0	48,505
Unrestricted	<u>2,383,566</u>	<u>2,679,571</u>	<u>2,809,199</u>
<i>Total Governmental Activities Net Assets</i>	<u>8,033,957</u>	<u>9,161,970</u>	<u>9,436,927</u>
<i>Business-type Activities</i>			
Invested in Capital Assets, Net of Related Debt	5,734	0	0
Unrestricted	<u>514,669</u>	<u>0</u>	<u>0</u>
<i>Total Business-type Activities Net Assets</i>	<u>520,403</u>	<u>0</u>	<u>0</u>
<i>Primary Government</i>			
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>
<i>Total Primary Government Net Assets</i>	<u>\$8,554,360</u>	<u>\$9,161,970</u>	<u>\$9,436,927</u>

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

<u>2005</u>	<u>2006</u>	<u>2007 (1)</u>
\$3,726,544	\$4,053,447	\$10,389,846
1,712,865	9,353,818	1,933,301
0	0	307,719
0	0	626,287
1,237,748	1,174,010	566,063
20,297	20,297	20,297
<u>3,120,393</u>	<u>3,365,422</u>	<u>3,170,547</u>
<u>9,817,847</u>	<u>17,966,994</u>	<u>17,014,060</u>
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
3,726,544	3,907,516	10,389,846
2,970,910	10,694,056	3,453,667
<u>3,120,393</u>	<u>3,365,422</u>	<u>3,170,547</u>
<u>\$9,817,847</u>	<u>\$17,966,994</u>	<u>\$17,014,060</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Expenses			
Governmental Activities:			
Instruction:			
Regular	\$136,871	\$143,681	\$140,266
Special	0	0	0
Vocational	2,774,383	2,967,743	3,090,159
Adult/Continuing	3,972	0	202,395
Support Services:			
Pupils	295,848	310,476	330,181
Instructional Staff	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	61,885	49,797	51,418
Operation of Non-Instructional Services:			
Food Service Operations	175,017	190,762	176,821
Extracurricular Activities	4,770	17,761	7,373
Interest and Fiscal Charges	0	0	0
<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>
Program Revenues			
Governmental Activities:			
Charges for Services and Sales			
Instruction:			
Regular	12,673	12,035	25,784
Vocational	27,062	0	82,316
Adult/Continuing	0	0	135,948
Support Services:			
Pupils	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:			
Food Service Operations	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>	<u>2007</u>
\$171,717	\$263,850	\$229,212
0	0	92,471
3,132,897	3,249,122	3,679,851
170,921	134,454	121,791
335,928	352,923	276,924
114,298	128,853	185,025
39,710	37,046	38,179
532,155	534,841	609,569
317,705	330,085	376,687
46,887	53,684	56,884
499,742	468,309	498,088
31,143	43,826	41,761
50,989	46,406	40,825
211,106	199,037	233,613
10,195	7,146	7,496
0	0	139,206
<u>5,665,393</u>	<u>5,849,582</u>	<u>6,627,582</u>
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>5,665,393</u>	<u>5,849,582</u>	<u>6,627,582</u>
15,740	16,772	10,280
108,911	62,365	79,631
84,203	54,481	50,236
0	0	0
51,608	48,313	50,236
26,026	25,085	29,678
1,999	2,849	0
92,256	79,378	86,193
0	0	230
1,548,663	1,557,618	1,530,015
0	0	0
<u>\$1,929,406</u>	<u>\$1,846,861</u>	<u>\$1,836,499</u>

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(continued)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Business-type Activities:			
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>
 <i>Net (Expense)/Revenue</i>			
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>
 <i>General Revenues and Other Changes in Net Assets</i>			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	1,622,644	1,599,305	1,579,672
Debt Service	0	0	0
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 Primary Government</i>	 <u>4,311,188</u>	 <u>4,209,147</u>	 <u>3,952,879</u>
 Special Item - Loss on Disposal of Capital Assets	 <u>0</u>	 <u>0</u>	 <u>0</u>
 <i>Change in Net Assets</i>			
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>	<u>2007</u>
\$0	\$0	\$0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>1,929,406</u>	<u>1,846,861</u>	<u>1,836,499</u>
(3,735,987)	(4,002,721)	(4,791,083)
0	0	0
<u>(3,735,987)</u>	<u>(4,002,721)</u>	<u>(4,791,083)</u>
1,674,339	1,727,845	1,729,569
0	0	560,504
36,357	495,074	71,826
2,225,064	9,644,073	2,424,552
172,349	234,969	490,975
0	36,202	0
0	0	0
8,798	13,705	53,827
0	0	0
<u>4,116,907</u>	<u>12,151,868</u>	<u>5,331,253</u>
0	0	0
<u>4,116,907</u>	<u>12,151,868</u>	<u>5,331,253</u>
0	0	(1,493,104)
380,920	8,149,147	(952,934)
0	0	0
<u>\$380,920</u>	<u>\$8,149,147</u>	<u>(\$952,934)</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Program Revenues by Function, Governmental Activities

Last Six Fiscal Years

(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<i>Governmental Activities</i>			
Function			
Instruction:			
Regular	\$12,673	\$14,444	\$30,981
Vocational	1,127,475	1,112,329	1,285,421
Adult/Continuing	0	0	195,726
Support Services:			
Pupils	170,631	172,751	158,955
Instructional Staff	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:			
Food Service Operations	110,782	112,844	108,752
Extracurricular Activities	0	0	655
<i>Total Program Revenues</i>	<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>	<u>2007</u>
\$19,719	\$20,456	\$10,280
1,311,098	1,271,488	1,261,868
131,835	95,934	89,512
177,318	164,824	156,012
21,481	14,407	20,022
87,660	96,323	89,512
26,026	25,085	29,678
3,716	2,849	1,200
900	6,450	4,530
20,430	11,881	5,000
129,223	137,164	168,655
<u>0</u>	<u>0</u>	<u>230</u>
<u><u>\$1,929,406</u></u>	<u><u>\$1,846,861</u></u>	<u><u>\$1,836,499</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund				
Reserved	\$385,357	\$426,065	\$346,546	\$289,653
Unreserved	<u>1,053,757</u>	<u>1,134,632</u>	<u>1,394,880</u>	<u>1,683,484</u>
<i>Total General Fund</i>	<u>1,439,114</u>	<u>1,560,697</u>	<u>1,741,426</u>	<u>1,973,137</u>
All Other Governmental Funds				
Reserved	67,269	101,713	86,061	123,748
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	42,575	44,803	3,486	30,468
Capital Projects Funds	<u>1,139,694</u>	<u>1,158,522</u>	<u>1,202,812</u>	<u>957,808</u>
<i>Total All Other Governmental Funds</i>	<u>1,249,538</u>	<u>1,305,038</u>	<u>1,292,359</u>	<u>1,112,024</u>
<i>Total Governmental Funds</i>	<u><u>\$2,688,652</u></u>	<u><u>\$2,865,735</u></u>	<u><u>\$3,033,785</u></u>	<u><u>\$3,085,161</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>2002 (1)</u>	<u>2003 (1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$413,720	\$273,310	\$367,086	\$339,030	\$714,693	\$764,760
<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>2,572,488</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>	<u>3,337,248</u>
25,664	85,946	72,696	221,542	520,771	1,353,518
368,480	996,829	1,111,833	1,182,196	1,117,914	1,477,600
<u>1,321,753</u>	<u>1,578,257</u>	<u>1,653,830</u>	<u>2,020,419</u>	<u>5,168,536</u>	<u>821,094</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>3,652,212</u>
<u>\$4,221,608</u>	<u>\$5,370,839</u>	<u>\$5,841,538</u>	<u>\$6,708,456</u>	<u>\$10,362,669</u>	<u>\$6,989,460</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Changes in Fund Balances

Last Ten Fiscal Years

(modified accrual basis of accounting)

	1998	1999	2000	2001
Revenues				
Property Taxes	\$1,635,772	\$1,708,135	\$1,729,118	\$1,722,748
Intergovernmental	2,230,133	2,395,498	2,701,997	2,912,948
Interest	177,206	190,354	200,808	169,909
Tuition and Fees	7,097	4,490	4,140	5,825
Rent	702	4,531	7,246	2,772
Extracurricular Activities	0	0	30,000	0
Gifts and Donations	0	6,005	0	37,000
Customer Sales and Services	56,261	62,321	26,542	8,491
Miscellaneous	55,404	5,331	3,420	62,108
Total Revenues	4,162,575	4,376,665	4,703,271	4,921,801
Expenditures				
Current:				
Instruction:				
Regular	390,001	460,834	95,941	130,186
Special	0	0	0	0
Vocational	1,793,689	1,894,419	2,488,490	2,589,944
Adult/Continuing	43,775	39,752	10,096	0
Support Services:				
Pupils	261,934	296,899	296,510	275,352
Instructional Staff	95,094	132,132	106,866	230,010
Board of Education	35,682	16,553	34,902	17,084
Administration	281,048	272,363	293,646	298,913
Fiscal	206,511	207,956	235,771	259,869
Business	1	0	5,345	14,567
Operation and Maintenance of Plant	381,607	408,887	418,922	451,355
Pupil Transportation	10,009	15,341	13,419	14,063
Central	30,828	34,439	46,680	67,860
Operation of Non-Instructional Services:				
Food Service Operations	1,393	4,095	3,641	4,158
Extracurricular Activities	4,974	6,538	5,541	5,095
Capital Outlay	338,936	145,431	400,714	378,933
Debt Service:				
Principal	50,000	50,000	0	0
Interest and Fiscal Charges	12,263	7,950	0	0
Advance Refunding Escrow	0	153,518	0	0
Total Expenditures	3,937,745	4,147,107	4,456,484	4,737,389
Excess of Revenues Over (Under) Expenditures	224,830	229,558	246,787	184,412
Other Financing Sources (Uses)				
Transfers In	9,339	42,846	2,595	2,263
Proceeds from Sale of Capital Assets	1,630	1,840	4,838	764
Transfers Out	(94,339)	(97,161)	(86,170)	(136,063)
Inception of Capital Lease	0	0	0	0
Proceeds from Loan	0	0	0	0
Total Other Financing Sources (Uses)	(83,370)	(52,475)	(78,737)	(133,036)
Net Change in Fund Balances	\$141,460	\$177,083	\$168,050	\$51,376
Debt Service as a Percentage of				
Noncapital Expenditures	1.7%	1.4%	0.0%	0.0%

2002	2003	2004	2005	2006	2007
\$1,779,860	\$1,669,712	\$1,760,329	\$1,708,920	\$2,193,737	\$2,277,227
3,585,173	3,616,761	3,721,937	3,762,188	7,046,707	8,063,662
229,537	175,847	50,080	208,017	210,706	535,112
12,673	11,990	241,994	177,577	142,634	139,930
7,549	4,972	5,649	1,999	2,849	0
0	0	655	0	0	230
0	5,095	32	15	1,325	0
126,627	89,589	185,269	201,167	143,760	166,324
34,419	48,551	20,531	8,798	13,705	53,827
<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>	<u>11,236,312</u>
129,328	137,486	149,831	166,774	229,285	247,770
0	0	0	0	0	89,120
2,850,609	2,942,906	3,021,586	3,086,492	3,150,317	3,239,157
3,972	0	201,619	173,658	132,561	120,405
287,579	304,975	334,182	319,058	344,802	256,849
70,712	95,701	88,894	90,457	105,657	163,412
34,181	30,306	35,096	40,507	36,805	37,938
337,477	363,712	492,296	528,753	572,906	539,251
263,243	290,034	303,079	311,241	312,680	413,443
17,115	16,059	37,603	48,267	53,684	56,884
438,390	470,382	555,178	507,195	466,129	470,457
42,587	24,804	29,049	23,859	37,910	39,842
57,725	45,637	47,305	48,794	43,630	39,822
166,536	181,557	173,732	202,055	206,109	216,972
4,770	17,761	7,373	10,195	7,146	7,496
25,034	28,295	40,693	166,273	3,026,921	8,043,543
0	0	0	0	33,333	497,543
0	0	0	0	0	139,206
0	0	0	0	0	0
<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>	<u>14,619,110</u>
<u>1,046,580</u>	<u>672,902</u>	<u>468,960</u>	<u>345,103</u>	<u>995,548</u>	<u>(3,382,798)</u>
120,110	85,000	161,250	190,500	1,786,228	456,131
2,618	5,674	1,739	21,815	89,665	9,589
(255,110)	(245,000)	(161,250)	(190,500)	(1,786,228)	(456,131)
0	0	0	0	2,569,000	0
0	0	0	500,000	0	0
<u>(132,382)</u>	<u>(154,326)</u>	<u>1,739</u>	<u>521,815</u>	<u>2,658,665</u>	<u>9,589</u>
<u>\$914,198</u>	<u>\$518,576</u>	<u>\$470,699</u>	<u>\$866,918</u>	<u>\$3,654,213</u>	<u>(\$3,373,209)</u>
0.0%	0.0%	0.0%	0.0%	0.6%	9.7%

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
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
2007	631,795,500	64,478,580	1,989,354,514	32,590,390	40,737,988

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 and 12.5 percent for 2007.

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 percent and 2 1/2 percent rollback reductions, and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback reduction 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 Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$20,957,879	\$83,831,516	\$401,925,549	\$1,091,865,970	36.81%	\$3.88
23,694,413	94,777,652	415,579,143	1,131,971,586	36.71	3.89
23,631,699	94,526,796	427,016,239	1,169,801,894	36.50	3.86
27,213,273	108,853,092	501,942,333	1,387,546,065	36.17	3.40
25,424,760	101,699,040	490,504,460	1,387,381,449	35.35	3.28
22,421,692	89,686,768	503,183,702	1,420,347,195	35.43	3.26
21,801,871	87,207,484	564,349,831	1,594,424,847	35.40	2.98
20,978,754	83,915,016	578,262,174	1,631,971,330	35.43	2.74
21,466,778	114,489,483	598,316,878	1,718,124,877	34.82	3.74
17,096,520	136,772,160	745,960,990	2,166,864,662	34.43	3.33

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

Collection Year	Current Tax Levy (3)	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (4)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1998	\$1,886,966	\$1,782,271	94.45%	\$202,923	\$1,985,194	105.21%
1999	1,936,490	1,868,792	96.50	209,186	2,077,978	107.31
2000	1,807,356	1,870,191	103.48	127,677	1,997,868	110.54
2001	1,854,373	1,961,551	105.78	208,909	2,170,460	117.05
2002	1,781,039	1,867,601	104.86	142,151	2,009,752	112.84
2003	1,830,350	1,898,205	103.71	259,864	2,158,069	117.90
2004	1,860,866	1,993,373	107.12	147,150	2,140,523	115.03
2005	2,381,724	1,821,752	76.49	95,804	1,917,556	80.51
2006	2,467,733	2,538,936	102.89	6,373	2,545,309	103.14
2007	2,482,873	N/A	N/A	N/A	N/A	N/A

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) The 2007 collections cannot be presented because all collections have not been made by June 30, 2007.
- (3) Current tax levy information is based on estimates at June 30 of each year, while tax collections are based on actual receipts.
- (4) The County does not identify delinquent tax collections by tax year.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

Direct and Overlapping Governments

Last Ten Collection (Calendar) Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Unvoted Millage	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40
Operating										
Residential/Agricultural Real	3.13	3.13	3.13	2.67	2.68	2.68	2.43	2.43	2.43	2.17
Commerical/Industrial and Public Utility Real	3.72	3.72	3.72	3.24	3.24	3.27	3.10	3.16	3.16	2.73
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
Voted Millage										
1989 Permanent Improvement										
Residential/Agricultural Real	0.27	0.27	0.27	0.23	0.23	0.23	0.21	0.00	0.00	0.00
Commerical/Industrial and Public Utility Real	0.37	0.37	0.37	0.33	0.33	0.33	0.31	0.00	0.00	0.00
General Business and Public Utility Personal	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.00	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	1.00	0.89
Commerical/Industrial and Public Utility Real	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.86
General Business and Public Utility Personal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Total voted millage by type of property										
Residential/Agricultural Real	0.27	0.27	0.27	0.23	0.23	0.23	0.21	0.00	1.00	0.89
Commerical/Industrial and Public Utility Real	0.37	0.37	0.37	0.33	0.33	0.33	0.31	0.00	1.00	0.86
General Business and Public Utility Personal	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.00	1.00	1.00
Overlapping Rates by Taxing District										
County Units										
General	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
General (Highland)	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90
Board of MR/DD	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Board of MR/DD (Highland)	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Health District	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	14.05	14.05	14.05	14.05	14.05	14.05	14.05	14.05	14.05	14.05
School Districts										
Bright Local	32.69	32.69	32.69	32.69	32.69	32.69	30.69	30.76	30.76	30.76
Eastern Local	38.70	38.70	38.70	36.75	37.80	37.80	37.80	37.80	40.20	40.20
Fayetteville Local	35.40	35.40	36.50	36.50	34.10	34.10	34.10	34.10	39.55	39.55
Georgetown Exempted Village	29.00	29.00	29.00	28.50	27.00	27.00	30.40	30.40	30.40	28.90
Ripley Union Lewis Huntington Local	36.40	36.40	36.40	36.40	36.35	36.35	36.35	36.35	36.35	36.35
Western Brown Local	25.20	25.20	25.20	25.20	23.70	23.70	23.70	23.70	23.00	23.00
Corporations										
Aberdeen Village	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Fayetteville Village	13.30	13.30	13.30	13.30	13.30	13.30	13.30	13.30	13.30	14.10
Georgetown Village	2.30	2.30	2.30	2.30	3.30	3.30	3.30	3.30	3.30	3.30
Hamersville Village	3.60	3.60	3.60	3.60	4.60	4.60	4.60	2.90	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	7.60	7.60	7.60
Ripley Village	5.00	5.00	5.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Russellville Village	18.60	18.60	18.60	18.60	18.60	13.60	17.60	17.60	17.60	17.60
Sardinia Village	16.70	16.70	10.50	14.00	14.00	14.00	14.00	14.00	10.50	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	21.90

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

Direct and Overlapping Governments

Last Ten Collection (Calendar) Years

(continued)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Townships										
Byrd	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.50	8.50
Clark	4.10	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.15	4.60
Eagle	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Franklin	2.20	2.20	2.20	2.20	2.20	2.60	2.60	2.60	3.10	3.10
Green	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50	4.50	4.50
Huntington	6.30	6.30	6.30	5.10	6.30	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	2.20	2.20	2.20
Jefferson	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	3.60
Lewis	3.10	3.25	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	6.90	6.90	6.90	6.90	6.90	6.90
Pike	3.50	3.50	3.50	3.50	4.50	4.50	4.50	4.50	4.50	4.50
Pleasant	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	2.10
Scott	3.30	3.30	3.30	3.30	3.30	4.00	4.00	4.00	4.00	4.00
Sterling	5.50	5.50	5.50	5.50	6.50	6.50	6.50	6.50	6.50	6.50
Union	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	2.10
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	6.20	6.20	6.20	6.20	6.20	6.20
Concord	3.10	3.10	3.10	3.10	3.10	2.70	3.10	2.60	3.10	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	2.20	3.60
Marshall	4.15	4.15	4.65	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	1.80	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	2.60	3.10	3.10
Whiteoak	2.30	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Other Units										
Library	1.00	1.00	1.00	1.00	1.00	0.75	0.75	0.75	0.75	0.50
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

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Principal Real and Personal Property Tax Payers

2007 and 2004 (Calendar Years) (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Real and Personal Property Assessed Value
Kroger Limited Partnership	\$5,655,485	0.95%
Ohio Valley Manor	5,305,971	0.88%
Mac Tool, Inc.	5,158,914	0.86%
Cincinnati Milacron	4,805,114	0.80%
Reyton Georgetown	3,265,942	0.54%
Ripley Federal Savings	2,564,542	0.43%
Crout Properties, LTD	2,229,571	0.37%
Brown County Industrial	1,971,228	0.33%
AHE of Ohio, Inc.	1,920,142	0.32%
David Realty Group	1,827,257	0.31%
Totals	<u>\$34,704,166</u>	<u>5.79%</u>
Total Assessed Valuation	<u>\$598,316,878</u>	<u>100.00%</u>
Name of Taxpayer	2004	
	Assessed Value	Percent of Real and Personal Property Assessed Value
Kroger Limited Partnership	\$5,137,000	0.91%
Ohio Valley Manor	5,037,885	0.89%
Mac Tool, Inc.	4,948,400	0.88%
Cincinnati Milacron	4,495,457	0.80%
Crout Properties, LTD	2,030,028	0.51%
Georgetown Land Company	2,875,114	0.31%
AHE of Ohio, Inc.	1,770,771	0.28%
HPWFP Limited Partnership	1,581,971	0.28%
Timothy R. Hale	1,572,457	0.27%
Davon, Inc.	1,541,485	5.49%
Totals	<u>\$30,990,568</u>	<u>10.62%</u>
Total Assessed Valuation	<u>\$564,349,831</u>	<u>100.00%</u>

Source: Brown County Auditor.

(1) Information prior to 2004 was not available.

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>
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
2007	42,104	735,009,528	0	433,334

Sources: (1) National Center for Education Statistics
1997-1999 from 1990 U.S. Census Data
2000-2007 from 2000 U.S. Census Data

(2) National Center for Education Statistics
1997-1999 from 1990 U.S. Census Data
2000-2007 from 2000 U.S. Census Data
(Per Capita Personal Income multiplied by population)

The School District has no bonded debt.

General Debt

Capital Leases	Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt Per Capita	Percentage of Personal Income
\$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
2,104,790	2,538,124	0.35%	60.28	0.35

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Legal Debt Margin
Last Ten Fiscal Years

	1998	1999	2000	2001
Assessed Valuation (2)	\$401,925,549	\$415,579,143	\$427,016,239	\$501,942,333
Less:				
General Business Personal Property	0	0	0	0
Railroad and Telephone Tangible Property	0	0	0	0
Total Assessed Valuation used to calculate Legal Debt Margin	<u>\$401,925,549</u>	<u>\$415,579,143</u>	<u>\$427,016,239</u>	<u>\$501,942,333</u>
Debt Limit - 9% of Assessed Value (1)	<u>\$36,173,299</u>	<u>\$37,402,123</u>	<u>\$38,431,462</u>	<u>\$45,174,810</u>
Amount of Debt Subject to Debt Limit				
Gross Indebtedness	200,000	0	0	0
Less Exempt Debt	<u>(200,000)</u>	<u>0</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>\$36,173,299</u></u>	<u><u>\$37,402,123</u></u>	<u><u>\$38,431,462</u></u>	<u><u>\$45,174,810</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)	\$401,926	\$415,579	\$427,016	\$501,942
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$401,926</u></u>	<u><u>\$415,579</u></u>	<u><u>\$427,016</u></u>	<u><u>\$501,942</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 and telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

2002	2003	2004	2005	2006	2007
\$490,504,460	\$503,183,702	\$564,349,831	\$578,262,174	\$598,316,878	\$745,960,990
0	0	0	0	(21,466,778)	(17,096,520)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,854,500)</u>	<u>(4,963,690)</u>
<u>\$490,504,460</u>	<u>\$503,183,702</u>	<u>\$564,349,831</u>	<u>\$578,262,174</u>	<u>\$570,995,600</u>	<u>\$723,900,780</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>	<u>\$65,151,070</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>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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>	<u>\$65,151,070</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$490,504	\$503,184	\$564,350	\$578,262	\$570,996	\$723,901
0	0	0	0	0	0
<u>\$490,504</u>	<u>\$503,184</u>	<u>\$564,350</u>	<u>\$578,262</u>	<u>\$570,996</u>	<u>\$723,901</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Computation of Direct and Overlapping Debt

Governmental Activities

June 30, 2007

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct:			
Southern Hills Joint Vocational School District			
Facility Improvement and Equipment Replacement Loan	\$433,334	100.00%	\$433,334
Capital Lease Obligation	2,104,790	100.00	2,104,790
Total Direct	2,538,124	100.00	2,538,124
Overlapping:			
Eastern Local School District			
General Obligation Bonds	9,625,000	100.00	9,625,000
Bright Local School District			
General Obligation Bonds	775,000	100.00	775,000
Fayetteville Perry Local School District			
General Obligation Bonds	8,965,000	100.00	8,965,000
Ripley Union Lewis Huntington Local School District			
General Obligation Bonds	3,003,660	100.00	3,003,660
Capital Lease Obligation	553,000	100.00	553,000
Western Brown Local School District			
General Obligation Bonds	5,560,000	100.00	5,560,000
Capital Lease Obligation	480,000	100.00	480,000
Georgetown Exempted Village School District			
General Obligation Bonds	4,512,998	100.00	4,512,998
Capital Lease Obligation	673,000	100.00	673,000
Total Overlapping	34,147,658		34,147,658
Total	\$36,685,782		\$36,685,782

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 into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Personal Income (3)</u>	<u>Median Household Income (4)</u>	<u>Brown County Unemployment Rate (5)</u>
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
2007	42,104	735,009,528	17,457	38,189	6.60

Sources: (1) National Center for Education Statistics
 1998-1999 from 1990 U.S. Census Data
 2000-2007 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
 1998-1999 from 1990 U.S. Census Data
 2000-2007 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
 1998-1999 from 1990 U.S. Census Data
 2000-2007 from 2000 U.S. Census Data
 Average Median Household Income for all school districts within Southern Hills Joint Vocational School District
 1998-1999 Median Household Income not available.

(5) Ohio Department of Jobs and Family Services

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Principal Employers
2007 and 2006 (1)

2007

Employer	Nature of Business	Number of Employees	Rank
Brown County Government	Government	304	1
Brown County General Hospital	Health Care	300	2
Kroger	Retail Grocer	287	3
Ohio Valley Manor	Health Care	240	4
Cincinnati Milacron	Plastic Injection	230	5
Southern Ohio Veterans' Home	Health Care	205	6
McDonalds	Fast Food	127	7
PCP Champion	Surgical Appliance	120	8
Hawklinedevada	Farm Implements	110	9
Rumpke	Waste Removal	107	10
Total		<u>2,030</u>	

2006

Employer	Nature of Business	Number of Employees	Rank
Brown County Government	Government	304	1
Brown County General Hospital	Health Care	300	2
Kroger	Retail Grocer	287	3
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) Information prior to 2006 and information on total employment within the School District was not available.

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>
1998	9.9
1999	10.1
2000	10.1
2001	8.7
2002	11.5
2003	10.9
2004	10.5
2005	10.7
2006	10.3
2007	10.7

Source: Southern Hills Joint Vocational School District records.

Calculation does not include instructional aides

Southern Hills Joint Vocational School District

Employees by Function

Last Ten Fiscal Years

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

Source: Southern Hills Joint Vocational School District records

(1) Includes instructional aides

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
2	2	2	2	2
37	37	37	36	33
3	3	3	3	3
4	4	4	4	4
1	1	1	1	1
5	5	5	5	5
3	3	3	3	3
5	5	5	5	5
4	4	4	4	4
<u>64</u>	<u>64</u>	<u>64</u>	<u>63</u>	<u>60</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Per Pupil Cost
Last Ten Fiscal Years

Fiscal Year	Average Daily Membership	General Government		Governmental Activities	
		Total Expenditures (1)	Per Pupil Cost	Total Expenses (2)	Per Pupil Cost
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
2007	376	13,982,361	37,187	6,488,376	17,256

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
 Building Statistics, Operating Statistics and Classroom Space by Program
 Last Eight Fiscal Years (1)
 (cash basis of accounting)

	2000	2001	2002	2003	2004	2005	2006	2007
Southern Hills Joint Vocational School								
Constructed Completed in 1975								
Total Building Square Footage	103,000	103,000	103,000	103,000	103,000	103,000	103,000	113,500
Total Enrollment (2)	252	255	333	292	295	308	300	286
Student Capacity	400	400	400	400	400	400	400	400
Power Equipment Mechanics/Agricultural Industrial								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	22	22	23	21	20	33	29	22
Students Who Graduated from Program	10	7	9	11	6	13	15	9
Cost of Program	\$154,120	\$105,592	\$65,901	\$97,270	\$65,065	\$105,987	\$85,329	\$91,449
Percentage of Students to Maximum Capacity of Program	44%	44%	46%	42%	40%	66%	58%	44%
Cost of Program Per Student	7,005	4,800	2,865	4,632	3,253	3,212	2,942	4,157
Square ft. of Program Space	5,953	5,953	5,953	5,953	5,953	5,953	5,953	5,953
Diversified Health Occupations								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	22	19	25	32	26	23	19	33
Students Who Graduated from Program	12	8	3	10	9	12	5	9
Cost of Program	\$120,591	\$121,639	\$96,315	\$98,484	\$86,036	\$86,917	\$ 94,448	\$ 90,476
Percentage of Students to Maximum Capacity of Program	44%	38%	50%	64%	52%	40%	38%	66%
Cost of Program Per Student	5,481	6,402	3,853	3,078	3,309	3,779	4,971	2,742
Square ft. of Program Space	2,141	2,141	2,141	2,141	2,141	2,141	2,141	2,141
Information Technology/Computer Systems								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	11	17	24	19	18	20	22	33
Students Who Graduated from Program	4	5	9	11	6	8	8	11
Cost of Program	\$81,758	\$119,793	\$117,850	\$94,478	\$88,388	\$94,355	\$ 58,093	\$ 95,728
Percentage of Students to Maximum Capacity of Program	22%	34%	48%	38%	36%	40%	44%	66%
Cost of Program Per Student	7,433	7,047	4,910	4,973	4,910	4,718	2,641	2,901
Square ft. of Program Space	2,254	2,254	2,254	2,254	2,254	2,254	2,254	2,254
Early Childhood Education								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	14	17	26	20	34	27	23	23
Students Who Graduated from Program	9	4	14	5	10	15	11	8
Cost of Program	\$50,944	\$66,997	\$70,143	\$76,440	\$89,757	\$107,343	\$ 99,195	\$ 106,964
Percentage of Students to Maximum Capacity of Program	28%	34%	52%	40%	68%	54%	46%	46%
Cost of Program Per Student	3,639	3,941	2,698	3,822	2,640	3,976	4,313	4,651
Square ft. of Program Space	2,853	2,853	2,853	2,853	2,853	2,853	2,853	2,853
Automobile Technology								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	27	21	31	39	35	42	42	36
Students Who Graduated from Program	13	9	8	11	15	18	23	17
Cost of Program	\$141,071	\$154,245	\$170,148	\$192,696	\$184,921	\$267,631	\$174,855	\$141,590
Percentage of Students to Maximum Capacity of Program	54%	42%	62%	78%	70%	84%	84%	72%
Cost of Program Per Student	5,225	7,345	5,489	4,941	5,283	6,372	4,163	3,933
Square ft. of Program Space	6,677	6,677	6,677	6,677	6,677	6,677	6,677	6,677
Carpentry								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	18	23	23	27	29	27	17	16
Students Who Graduated from Program	10	6	7	6	14	13	5	7
Cost of Program	\$129,671	\$88,327	\$126,737	\$99,873	\$158,772	\$141,109	\$108,423	\$118,770
Percentage of Students to Maximum Capacity of Program	36%	46%	46%	54%	58%	54%	34%	32%
Cost of Program Per Student	7,204	3,840	5,510	3,699	5,475	5,226	6,378	7,423
Square ft. of Program Space	5,569	5,569	5,569	5,569	5,569	5,569	5,569	5,569
Machining Technology								
Maximum Capacity of Program	50	50	50	50	50	50	25	n/a
Number of Students at End of Year (2)	18	19	31	26	17	15	6	n/a
Students Who Graduated from Program	11	8	11	12	8	6	5	n/a
Cost of Program	\$143,512	\$133,400	\$170,000	\$154,720	\$193,483	\$161,981	\$23,487	n/a
Percentage of Students to Maximum Capacity of Program	36%	38%	62%	52%	34%	30%	24%	n/a
Cost of Program Per Student	7,973	7,021	5,484	5,951	11,381	10,799	3,915	n/a
Square ft. of Program Space	4,086	4,086	4,086	4,086	4,086	4,086	4,086	n/a

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 Eight Fiscal Years (1)
 (cash basis of accounting)
 (continued)

	2000	2001	2002	2003	2004	2005	2006	2007
Welding								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	18	18	19	16	23	23	23	22
Students Who Graduated from Program	10	7	4	6	7	12	7	13
Cost of Program	\$69,917	\$99,491	\$76,625	\$92,660	\$95,599	\$110,028	\$111,158	\$122,163
Percentage of Students to Maximum Capacity of Program	36%	36%	38%	32%	46%	46%	46%	44%
Cost of Program Per Student	3,884	5,527	4,033	5,791	4,156	4,784	4,833	5,553
Square ft. of Program Space	4,273	4,273	4,273	4,273	4,273	4,273	4,273	9,273
Cosmotology								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	20	29	36	34	25	24	30	26
Students Who Graduated from Program	9	5	16	14	12	11	10	16
Cost of Program	\$137,045	\$132,530	\$145,856	\$142,905	\$161,869	\$141,191	\$142,822	\$155,139
Percentage of Students to Maximum Capacity of Program	40%	58%	72%	68%	50%	48%	60%	52%
Cost of Program Per Student	6,852	4,570	4,052	4,203	6,475	5,883	4,761	5,967
Square ft. of Program Space	2,746	2,746	2,746	2,746	2,746	2,746	2,746	2,746
Criminal Justice								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	20	15	23	14	16	21	17	13
Students Who Graduated from Program	11	5	9	5	7	6	6	4
Cost of Program	\$62,470	\$83,716	\$83,594	\$113,401	\$111,098	\$101,139	\$100,073	\$74,743
Percentage of Students to Maximum Capacity of Program	40%	30%	46%	28%	32%	42%	34%	26%
Cost of Program Per Student	3,123	5,581	3,635	8,100	6,944	4,816	5,887	5,749
Square ft. of Program Space	2,776	2,776	2,776	2,776	2,776	2,776	2,776	2,776
Graphics								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	20	16	23	16	19	34	47	42
Students Who Graduated from Program	9	8	3	9	4	11	21	18
Cost of Program	\$67,903	\$82,147	\$94,997	\$123,427	\$133,703	\$141,459	\$167,829	\$113,744
Percentage of Students to Maximum Capacity of Program	40%	32%	46%	32%	38%	68%	94%	84%
Cost of Program Per Student	3,395	5,134	4,130	7,714	7,037	4,161	3,571	2,708
Square ft. of Program Space	2,389	2,389	2,389	2,389	2,389	2,389	2,389	2,389
Administration/Office Technology								
Maximum Capacity of Program	50	50	50	50	50	50	50	50
Number of Students at End of Year (2)	31	22	37	28	33	19	25	20
Students Who Graduated from Program	15	10	10	18	24	6	11	11
Cost of Program	\$98,629	\$109,593	\$128,939	\$143,848	\$75,341	\$74,883	\$98,636	\$75,787
Percentage of Students to Maximum Capacity of Program	62%	44%	74%	56%	66%	38%	50%	40%
Cost of Program Per Student	3,182	4,982	3,485	5,137	2,283	3,941	3,945	3,789
Square ft. of Program Space	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508
Marketing Education								
Maximum Capacity of Program	25	25	25	n/o	n/o	n/o	n/o	n/a
Number of Students at End of Year (2)	11	10	12	n/o	n/o	n/o	n/o	n/a
Students Who Graduated from Program	11	10	11	n/o	n/o	n/o	n/o	n/a
Cost of Program	\$47,655	\$50,118	\$63,447	n/o	n/o	n/o	n/o	n/a
Percentage of Students to Maximum Capacity of Program	44%	40%	48%	n/o	n/o	n/o	n/o	n/a
Cost of Program Per Student	4,332	5,012	5,287	n/o	n/o	n/o	n/o	n/a
Square ft. of Program Space	1,754	1,754	1,754	n/o	n/o	n/o	n/o	n/a
Occupational Work Experience								
Maximum Capacity of Program	n/o	25	n/o	n/o	n/o	25	n/o	n/a
Number of Students at End of Year (2)	n/o	7	n/o	n/o	n/o	14	n/o	n/a
Students Who Graduated from Program	n/o	7	n/o	n/o	n/o	14	n/o	n/a
Cost of Program	n/o	\$63,192	n/o	n/o	n/o	\$69,697	n/o	n/a
Percentage of Students to Maximum Capacity of Program	n/o	28%	n/o	n/o	n/o	56%	n/o	n/a
Cost of Program Per Student	n/o	9,027	n/o	n/o	n/o	4,978	n/o	n/a
Square ft. of Program Space	n/o	558	n/o	n/o	n/o	558	n/o	n/a

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
 Staff Education, Experience and Teacher Salary Data
 June 30, 2007

<u>Degree</u>	<u>Number of Staff</u>	<u>Percent of Total</u>	<u>Number of Teachers</u>	<u>Average Teacher's Salary</u>	<u>Salary Range</u>
Non-Degree	27	45.00%	9	\$52,688	\$41,235-\$58,856
Bachelor's Degree	8	13.33%	4	40,861	33,843-49,057
Bachelor with 150 Hours	2	3.33%	2	48,650	39,411-54,288
Master's Degree	10	16.67%	10	51,764	34,441-64,324
Master's Degree + 18 Hours	13	21.67%	10	59,954	46,725-73,239
Total	<u>60</u>	<u>100.00%</u>	<u>35</u>		

<u>Years of Experience</u>	<u>Number of Staff</u>	<u>Percent of Total</u>
0-5	16	26.67%
6-10	11	18.33%
11 and over	33	55.00%
Total	<u>60</u>	<u>100.00%</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Percentage of Students who Receive Free and Reduced Lunches

Last Six Fiscal Years (1)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
25.15%	19.66%	24.09%	27.69%	32.54%	34.92%

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
JANUARY 15, 2008**