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1907 Grand Central Avenue
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St. Clairsville, OH 43950
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Certified Public Accountants, A.C.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT
BROWN COUNTY
Regular Audit
For the Fiscal Year Ended June 30, 2016**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Southern Hills Joint Vocational School District, Brown County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 17, 2017

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

TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TITLE	PAGE
Independent Auditor's Report	Under Separate Cover
Comprehensive Annual Financial Report	Under Separate Cover
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

December 23, 2016

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Southern Hills Joint Vocational School District**, Brown County, (the School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 23, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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- Association of Certified Anti - Money Laundering Specialists •

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



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

*SOUTHERN HILLS
JOINT VOCATIONAL SCHOOL DISTRICT*

GEORGETOWN, OHIO

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Issued by:
Treasurer's Office

Michael Boyd, CPA
Treasurer

INTRODUCTORY SECTION

Southern Hills Joint Vocational School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016
Table of Contents

I. Introductory Section	<u>Page</u>
Table of Contents	i
Letter of Transmittal	iv
Principal Officials	xi
Organizational Chart.....	xii
Consultants and Advisors	xiii
GFOA Certificate of Achievement for Excellence in Financial Reporting	xiv
ASBO Certificate of Excellence in Financial Reporting	xv
II. Financial Section	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund	20
Ohio School Facilities Maintenance Fund.....	21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund.....	23
Notes to the Basic Financial Statements	24
Required Supplemental Information:	
Schedule of the School District’s Proportionate Share of the Net Pension Liability – SERS – Last Three Fiscal Years.....	62

Southern Hills Joint Vocational School District

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Table of Contents

(continued)

Schedule of the School District’s Proportionate Share of the Net Pension Liability – STRS – Last Three Fiscal Years.....	63
Schedule of School District Contributions – SERS – Last Ten Fiscal Years.....	64
Schedule of School District Contributions – STRS – Last Ten Fiscal Years.....	66
Combining and Individual Fund Statements and Schedules:	
Combining Statements – Nonmajor Funds:	
Fund Descriptions.....	70
Combining Balance Sheet – Nonmajor Governmental Funds.....	72
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	74
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	78
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund.....	80
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund.....	82
Ohio School Facilities Maintenance Fund.....	85
Permanent Improvement Fund.....	86
Nonmajor Funds:	
Lunchroom Fund.....	88
Adult Education Fund.....	89
Renewed Opportunity Fund.....	90
Educational Management Information Systems Fund.....	91
OneNet Fund.....	92
Technical Preparation Grant Fund.....	93
VEPD Grant Fund.....	94
Improving Teacher Quality Fund.....	95
Miscellaneous Federal Grants Fund.....	96
III. Statistical Section	
Statistical Section Table of Contents.....	S1
Net Position by Component – Last Ten Fiscal Years.....	S2
Changes in Net Position – Last Ten Fiscal Years.....	S4

Southern Hills Joint Vocational School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016
Table of Contents
(continued)

Program Revenues by Function, Governmental Activities	
– Last Ten Fiscal Years.....	S6
Fund Balances, Governmental Funds – Last Ten Fiscal Years	S8
Changes in Fund Balances – Last Ten Fiscal Years	S10
Assessed and Estimated Actual Value of Taxable Property	
– Last Ten Collection (Calendar) Years	S12
Property Tax Rates (Per \$1,000 of Assessed Valuation)	
– Direct and Overlapping Governments	
Last Ten Collection (Calendar) Years	S14
Property Tax Levies and Collections	
– Last Ten Collection (Calendar) Years	S16
Principal Real and Personal Property Tax Payers – 2016 and 2007 (Calendar Years).....	S17
Ratio of General Debt to Personal Income and Debt per Capita	
– Last Ten Fiscal Years.....	S18
Legal Debt Margin – Last Ten Fiscal Years	S20
Computation of Direct and Overlapping Debt	
– Governmental Activities – June 30, 2016.....	S22
Demographic and Economic Statistics – Last Ten Years	S23
Principal Employers – 2016 and 2007	S24
Teacher to Student Ratio – Last Ten Fiscal Years.....	S25
Employees by Function – Last Ten Fiscal Years.....	S26
Staff Education, Experience and Teacher Salary Data	S28
Percentage of Students who Receive Free and Reduced Lunches	
– Last Ten Fiscal Years.....	S29
Building Statistics, Operating Statistics and Classroom Space by Program	
– Last Ten Fiscal Years.....	S30
Per Pupil Cost – Last Ten Fiscal Years.....	S38

District Office
9231 Hamer Road
Georgetown, OH 45121
Phone 937.378.6131
Fax 937.378.4577



"You Can Go Anywhere From Here!"

Career Technical Center
9193 Hamer Road
Georgetown, OH 45121
Phone 937.378.6131
Fax 937.378.4863

www.shctc.k12.oh.us

December 23, 2016

**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, 2016. This CAFR, which includes financial statements and other financial and statistical data, conforms to generally accepted accounting principles as applicable to governmental entities. The intent of this report is to provide the taxpayers of the Southern Hills Joint Vocational School District with comprehensive financial data in a format that enables them to gain a true understanding of the School District's financial affairs as well as provide management with better financial information for future decision making.

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

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

Perry & Associates, Certified Public Accountants, A.C. has issued an unmodified ("clean") opinion on the Southern Hills Joint Vocational School District's financial statements for the fiscal year ended June 30, 2016. The Independent Auditor's Report is located at the front of the Financial Section of this report.

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

FORMATION OF THE SCHOOL DISTRICT

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

The Southern Hills Joint Vocational School District was established in 1970 with classes held at Fincastle School, Winchester, Ohio. On May 8, 1973 voters of the Southern Hills Joint Vocational School District passed a levy to acquire real estate and construct a new school building. This marked the beginning of the joint venture serving all of the Brown County school districts and the Bright Local School District in Highland County. The 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. In 2012, the Southern Hills Board of Education changed its composition once again by giving direct representation to Bright Local, instead of a representative via the Southern Ohio ESC. The representation currently has a member from the elected boards of all six home school districts (Bright Local, Eastern, Fayetteville-Perry, Georgetown Exempted Village, Ripley Union Lewis Huntington, and Western Brown), and one member from the Brown County Educational Service Center.

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

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

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

The School District employs 54 full-time employees. These employees include certified, non-certified and administrative personnel providing services to 412 secondary students and 835 adult students. Secondary students include the full time equivalents of home schooled students and students attending programs offered outside the central building. These students are not included as full time students in the School District's average daily membership.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Major industries located within the School District's boundaries include paper, agricultural/trailer equipment, plastics technology, tool box and surgical/medical equipment manufacturing. Further, with the growth of additional health facilities in the northern part of Brown County, there has been a considerable potential in the Health field. The Brown County Hospital has been sold again to Scottsdale, Arizona based Southwest Healthcare Services. Southwest agreed to assume vendor debt, loans, leases and anything currently owed by the facility, relieving the Brown County commission and residents of any debt obligations. The northern part of the County has recently seen several new job opportunities with Cincinnati NAL Co Inc. constructing a new 7,500 square foot facility, American Trailer Works purchase of the Brown County Industrial Park and Southern State Community College announcement of a new facility in Mt. Orab. Brown County has seen slight increases in residential housing and jobs.

Brown County is a rural community in Southern Ohio with unemployment rates 0.2 percent below the State unemployment rate of 5.2 percent. During the past ten years, the unemployment rate rose from 5.5 percent in 2001 to a high of 13.7 percent in June 2009. The population of Brown County in the 2010 census was 42,104. Population projections for Brown County are indicating growth over the next decade. The population growth rate from 2000 to 2010 was 6.1 percent or 2,561 while the State of Ohio rate was 1.6 percent.

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

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

In the years after the 2000 census, Brown County saw increases in housing starts. According to estimates provided by the United States Census Bureau, housing units in 2010 and the homeownership rate in 2005 to 2009 were 19,301 and 78.6 percent, respectfully. However, with the current economic conditions, Brown County has had little recent growth in residential construction.

Because of recent economic conditions, the current housing growth rates, and property values, and market rates are significantly lower. Also, the continuing home foreclosure rates in the local area will continue to have a tremendous impact on tax collections, local and State revenue for this coming biennium, and the near foreseeable future.

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

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

FINANCIAL PLANNING AND POLICIES

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

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

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

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

MAJOR INITIATIVES

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

In addition, with enrollment declining in local school districts, Southern Hills is planning to evaluate potential incoming enrollment, in order to begin adjusting programs to better reflect the needs of our students. Culinary arts, a food science based program, exists in the vacated machine trades lab. In fiscal year 2016, the Career Technical Center offered Engineering at the Western Brown Local School District High School. This is a manufacturing based program, following the Project Lead the Way curriculum. Southern Hills also added an information technology program at Eastern Brown Local School District to service 7th through 12th grade students. For adult learners, the Career Technical Center began an advanced manufacturing program in January 2015. This is in conjunction with local manufacturing companies as well as UC Clermont. The School District has articulation agreements with local colleges to provide college credit for every secondary program.

AWARDS AND ACKNOWLEDGEMENTS

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Southern Hills Joint Vocational School District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the eleventh year that the School District has received this prestigious award. In order to be awarded a Certificate of Achievement, the School District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report which conforms to program standards. Such a report must also satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements; thus, we are submitting it to the GFOA for review.


ASBO CERTIFICATE OF EXCELLENCE

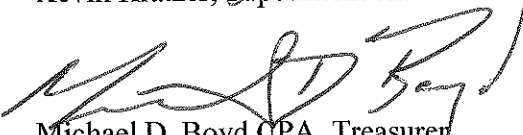
The Association of School Business Officials (ASBO) International Certificate of Excellence is awarded to those school districts who have voluntarily submitted their system's Comprehensive Annual Financial Report for review by an ASBO Panel of Review. This award certifies that the Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The Southern Hills Joint Vocational School District will also be submitting its eleventh CAFR for this award for the fiscal year ended June 30, 2016.

ACKNOWLEDGEMENTS

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

Respectfully submitted,


Kevin Kratzer, Superintendent


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

***Southern Hills Joint Vocational School District
Principal Officials
As Of June 30, 2016***

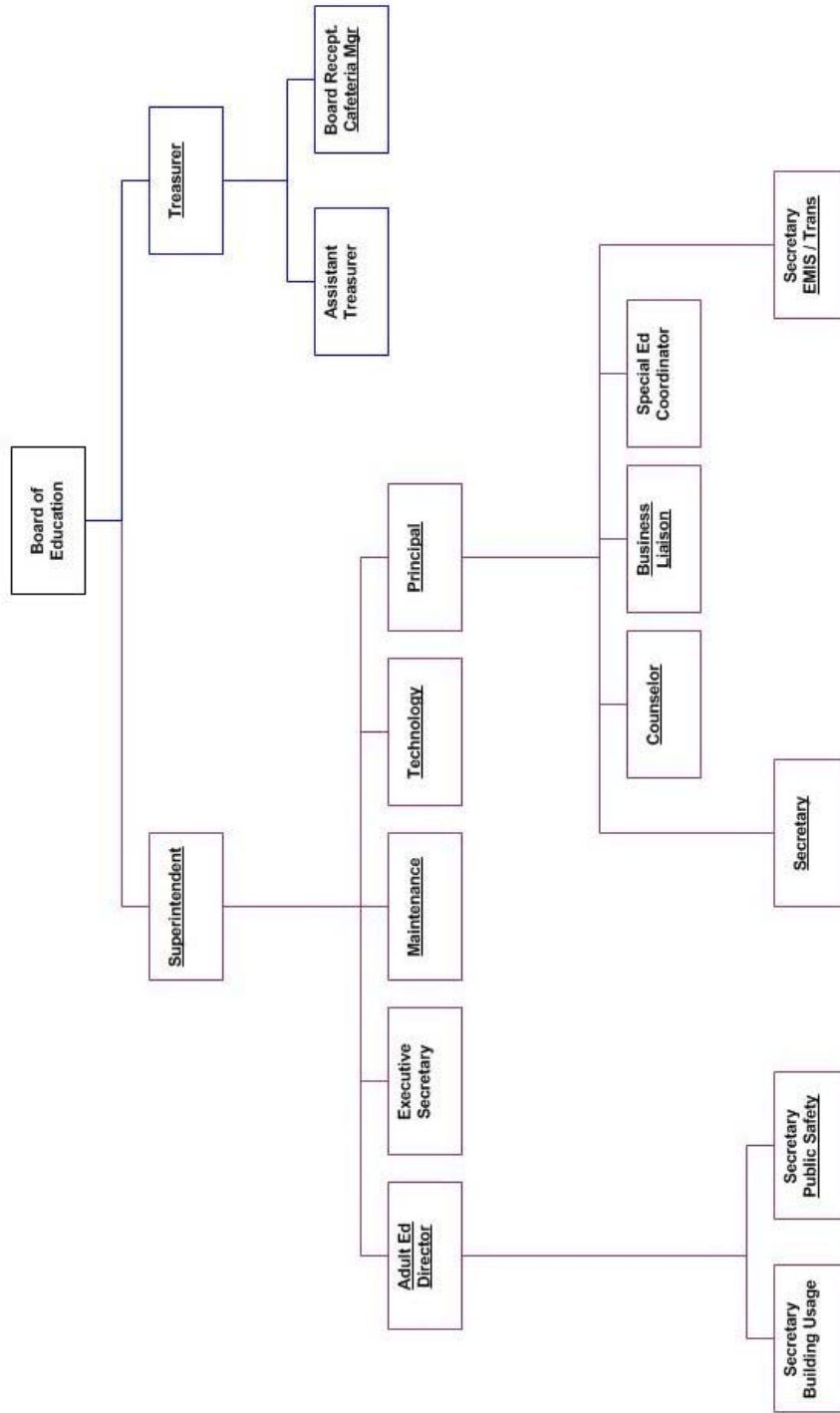
ELECTED OFFICIALS

President, Board of Education Vernon Creighton
Vice President, Board of Education..... Richard Pride
Board Member Jim Holden
Board Member Dick Colwell
Board Member Steve Cox
Board Member Barry Sims
Board Member Bryan Mount

ADMINISTRATIVE OFFICIALS

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

Southern Hills Career & Technical Center Organizational Chart



***Southern Hills Joint Vocational School District
Consultants and Advisors
June 30, 2016***

Architects

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

CAFR Preparation Consultants

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

Bond Counsel

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

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

**Independent
Auditor**

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

**Workers' Compensation/
Unemployment**

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

Investment Advisors

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

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

Legal Counsel

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

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

Official Depositories

Peoples Bank
138 Putnam Street
Marietta, Ohio 45750

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Southern Hills
Joint Vocational School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Southern Hills Joint Vocational School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



428 Second St.
Marietta, OH 45750
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Vienna, WV 26105
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104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

INDEPENDENT AUDITOR'S REPORT

December 23, 2016

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Southern Hills Joint Vocational School District**, Brown County, Ohio (the School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

... "bringing more to the table"

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Hills Joint Vocational School District, Brown County, as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Ohio School Facilities Maintenance Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

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

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



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

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Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
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, 2016. 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, 2016. The Southern Hills Joint Vocational School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Financial Highlights

- In fiscal year 2016, the School District was able to be removed from the State transitional aid guarantee with increased student enrollment.
- The School District also obtained property in the Mt.Orab area to increase their involvement in adult education.

Using the Basic Financial Statements

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

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

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2016?” The *Statement of Net Position* and the *Statement of Activities*, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question.

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

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

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

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

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for fiscal years 2016 and 2015:

(Table 1)
Net Position

	Governmental Activities		
	2016	2015	Change
Assets			
Current and Other Assets	\$12,822,889	\$11,933,709	\$889,180
Capital Assets, Net	14,075,317	14,363,162	(287,845)
Total Assets	26,898,206	26,296,871	601,335
Deferred Outflows of Resources			
Pension	754,917	456,556	298,361
Liabilities			
Current and Other Liabilities	481,869	496,967	(15,098)
Long-Term Liabilities	10,849,273	10,450,029	399,244
Total Liabilities	11,331,142	10,946,996	384,146
Deferred Inflows of Resources			
Property Taxes	1,876,619	1,627,985	248,634
Pension	534,447	1,120,435	(585,988)
Total Deferred Inflows of Resources	2,411,066	2,748,420	(337,354)
Net Position			
Net Investment in Capital Assets	10,592,962	10,433,001	159,961
Restricted	4,625,554	4,414,136	211,418
Unrestricted (Deficit)	(1,307,601)	(1,789,126)	481,525
Total Net Position	\$13,910,915	\$13,058,011	\$852,904

*Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited*

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

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

Current and Other Assets increased \$889,180, due mainly to an increase in Equity in Pooled Cash and Cash Equivalents of \$717,053 from revenues outpacing expenses. Capital Assets, Net decreased \$287,845, due primarily to depreciation exceeding additions.

Long-Term Liabilities increased due to an increase in net pension liability offset by payments on long-term debt. Restricted Net Position increased mainly from capital grants for building renovations.

Table 2 shows the changes in net position for fiscal years 2016 and 2015.

(Table 2)
Changes in Net Position

	Governmental Activities 2016	Governmental Activities 2015	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$674,443	\$577,595	\$96,848
Operating Grants, Contributions and Interest	1,725,831	1,244,896	480,935
Total Program Revenues	<u>2,400,274</u>	<u>1,822,491</u>	<u>577,783</u>
General Revenues:			
Property Taxes	2,295,110	2,474,461	(179,351)
Grants and Entitlements not Restricted to Specific Programs	2,509,346	2,975,484	(466,138)
Investment Earnings	163,865	88,813	75,052
Contributions and Donations	0	50	(50)
Miscellaneous	9,936	15,457	(5,521)
Total General Revenues	<u>4,978,257</u>	<u>5,554,265</u>	<u>(576,008)</u>
Total Revenues	<u>\$7,378,531</u>	<u>\$7,376,756</u>	<u>\$1,775</u>

(continued)

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

(Table 2)
Changes in Net Position
(continued)

	Governmental Activities 2016	Governmental Activities 2015	Change
Program Expenses			
Instruction:			
Regular	\$185,388	\$169,307	\$16,081
Special	4,657	4,415	242
Vocational	3,244,314	3,330,919	(86,605)
Adult/Continuing	125,953	116,371	9,582
Support Services:			
Pupils	626,478	516,671	109,807
Instructional Staff	144,622	154,233	(9,611)
Board of Education	79,699	80,301	(602)
Administration	653,234	599,256	53,978
Fiscal	409,053	397,667	11,386
Business	6,963	5,156	1,807
Operation and Maintenance of Plant	588,726	554,457	34,269
Pupil Transportation	81,426	42,859	38,567
Central	33,370	28,544	4,826
Operation of Non-Instructional Services:			
Food Service Operations	273,821	262,717	11,104
Extracurricular Activities	7,637	10,472	(2,835)
Interest and Fiscal Charges	60,286	66,671	(6,385)
Total Expenses	<u>6,525,627</u>	<u>6,340,016</u>	<u>185,611</u>
Change in Net Position	852,904	1,036,740	<u>(\$183,836)</u>
Net Position at Beginning of Year	<u>13,058,011</u>	<u>12,021,271</u>	
Net Position at End of Year	<u>\$13,910,915</u>	<u>\$13,058,011</u>	

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

Operating grants, contributions and interest increased \$480,935 due to an increase in vocational funding. Grants and Entitlements not Restricted to Specific Programs decreased \$466,138 due to a decrease in foundation funding.

Program expenses increased \$185,611 primarily due to an increase in student enrollment during the fiscal year.

*Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited*

Governmental Activities

Grants and Entitlements made up 50 percent of general revenues for governmental activities of the Southern Hills Joint Vocational School District for fiscal year 2016. It is very common for these monies to make up the majority of revenues in low property wealth districts that rely on State revenue to support its daily operations.

As should be expected, instruction costs represent the largest of the School District's expenses for fiscal year 2016. Support Services expenses make up 40 percent of governmental expenses. Support Services provide a key role in meeting the needs of our students, tutoring to transportation, on-line testing to guidance and maintenance, and assisting our staff in providing an educational process that ranks us near the top of joint vocational school districts' Ohio Department of Education Secondary Workforce Development Report Card in providing education to career technology students.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,348,612 and expenditures of \$6,727,608. The General Fund had an increase of \$420,756, due to revenues exceeding expenditures. The Ohio School Facilities Maintenance Special Revenue Fund had an increase of \$104,366, due to property tax revenues exceeding expenditures. The Permanent Improvement Capital Projects Fund had an increase of \$26,821, primarily due to a decrease in property tax revenue offset by a decrease in capital outlay.

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 2016, 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 \$5,391,628, with a final budget estimate of \$5,987,390, a difference of \$595,762 due mainly to a large increase in intergovernmental revenue offset by a decrease in property taxes. There was a \$19,145 variance between the final budget and actual budget basis revenues.

Southern Hills Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Original budget basis expenditures and carryover encumbrances for the General Fund were \$5,562,930 and final budget basis expenditures and carryover encumbrances were \$5,982,979, a difference of \$420,049. The increase in estimated expenditures was primarily related to an increase in Capital Outlay. Final actual expenditures fell below the final budgeted expenditures by \$452,760. This was mainly due to the School District's efforts to control costs during the fiscal year.

The School District's ending unobligated cash balance in the General Fund was \$488,116 above the final budgeted amount.

Debt

At June 30, 2016, the School District had \$133,333 in loans outstanding, with \$33,333 due within one year, and notes outstanding of \$1,435,696, with \$208,894 due within one year. In addition, the School District had \$1,913,326 in capital leases payable at fiscal year-end.

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

Capital Assets

At the end of fiscal year 2016, the School District had \$14,075,317 in capital assets. Capital Assets decreased \$287,845 from the prior fiscal year. This was due primarily to increases in depreciation offset by additions during fiscal year 2015. For more information on Capital Assets, refer to the notes to the basic financial statements (Note 8).

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.boyd@shctc.k12.oh.us.

BASIC FINANCIAL STATEMENTS

Southern Hills Joint Vocational School District
Statement of Net Position
June 30, 2016

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,118,344
Materials and Supplies Inventory	1,622
Inventory Held for Resale	12,890
Accrued Interest Receivable	14,909
Prepaid Items	8,481
Property Taxes Receivable	2,600,254
Intergovernmental Receivable	66,389
Capital Assets:	
Land	339,053
Depreciable Capital Assets, Net	13,736,264
<i>Total Assets</i>	26,898,206
<u>Deferred Outflows of Resources:</u>	
Pension	754,917
<u>Liabilities:</u>	
Accounts Payable	3,508
Accrued Wages and Benefits Payable	381,767
Intergovernmental Payable	56,886
Matured Compensated Absences Payable	14,746
Accrued Interest Payable	24,962
Long-Term Liabilities:	
Due Within One Year	472,117
Due in More Than One Year:	
Net Pension Liability	7,044,200
Other Amounts Due in More Than One Year	3,332,956
<i>Total Liabilities</i>	11,331,142
<u>Deferred Inflows of Resources:</u>	
Property Taxes	1,876,619
Pension	534,447
<i>Total Deferred Inflows of Resources</i>	2,411,066
<u>Net Position:</u>	
Net Investment in Capital Assets	10,592,962
Restricted for:	
Capital Outlay	1,969,956
Food Service	434,209
Adult Education	667,601
Classroom Facilities	1,427,634
Other Purposes	105,857
Set-Asides	20,297
Unrestricted (Deficit)	(1,307,601)
<i>Total Net Position</i>	\$13,910,915

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$185,388	\$434,585	\$0	\$249,197
Special	4,657	0	315,650	310,993
Vocational	3,244,314	1,935	1,104,016	(2,138,363)
Adult/Continuing	125,953	63,425	45,149	(17,379)
Support Services:				
Pupils	626,478	7,765	131,449	(487,264)
Instructional Staff	144,622	0	2,804	(141,818)
Board of Education	79,699	0	0	(79,699)
Administration	653,234	24,872	17,705	(610,657)
Fiscal	409,053	0	0	(409,053)
Business	6,963	198	141	(6,624)
Operation and Maintenance of Plant	588,726	53,300	0	(535,426)
Pupil Transportation	81,426	0	0	(81,426)
Central	33,370	0	0	(33,370)
Operation of Non-Instructional Services	273,821	88,363	108,917	(76,541)
Extracurricular Activities	7,637	0	0	(7,637)
Interest and Fiscal Charges	60,286	0	0	(60,286)
Total Governmental Activities	\$6,525,627	\$674,443	\$1,725,831	(4,125,353)

General Revenues:

Property Taxes Levied for:	
General Purposes	1,699,741
Other Purposes	157,500
Capital Outlay	437,869
Grants and Entitlements not Restricted to Specific Programs	2,509,346
Investment Earnings	163,865
Miscellaneous	9,936
Total General Revenues	4,978,257
Change in Net Position	852,904
Net Position at Beginning of Year	13,058,011
Net Position at End of Year	\$13,910,915

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District

Balance Sheet

Governmental Funds

June 30, 2016

	General Fund	Ohio School Facilities Maintenance Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$5,497,697	\$1,427,803	\$1,159,782	\$2,012,765	\$10,098,047
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	20,297	0	0	0	20,297
Receivables:					
Property Taxes	1,914,861	0	685,393	0	2,600,254
Accrued Interest	14,342	0	0	567	14,909
Intergovernmental	12,142	0	0	54,247	66,389
Interfund	37,433	0	0	0	37,433
Prepaid Items	8,198	0	0	283	8,481
Materials and Supplies Inventory	0	0	0	1,622	1,622
Inventory Held for Resale	0	0	0	12,890	12,890
Advances to Other Funds	200,000	0	0	0	200,000
Total Assets	\$7,704,970	\$1,427,803	\$1,845,175	\$2,082,374	\$13,060,322
<u>Liabilities:</u>					
Accounts Payable	\$3,081	\$169	\$0	\$258	\$3,508
Accrued Wages and Benefits Payable	362,421	0	0	19,346	381,767
Intergovernmental Payable	54,138	0	0	2,748	56,886
Matured Compensated Absences Payable	14,746	0	0	0	14,746
Interfund Payable	0	0	0	37,433	37,433
Advances From Other Funds	0	0	0	200,000	200,000
Total Liabilities	434,386	169	0	259,785	694,340
<u>Deferred Inflows of Resources:</u>					
Property Taxes	1,386,478	0	490,141	0	1,876,619
Unavailable Revenue	157,394	0	50,558	3,067	211,019
Total Deferred Inflows of Resources	1,543,872	0	540,699	3,067	2,087,638
<u>Fund Balances:</u>					
Nonspendable	208,198	0	0	1,905	210,103
Restricted	20,297	1,427,634	1,304,476	1,817,753	4,570,160
Committed	380,675	0	0	0	380,675
Assigned	150,245	0	0	0	150,245
Unassigned (Deficit)	4,967,297	0	0	(136)	4,967,161
Total Fund Balances	5,726,712	1,427,634	1,304,476	1,819,522	10,278,344
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$7,704,970	\$1,427,803	\$1,845,175	\$2,082,374	\$13,060,322

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2016*

Total Governmental Fund Balances \$10,278,344

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

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

Land	339,053	
Other capital assets	24,429,737	
Accumulated depreciation	(10,693,473)	
Total	14,075,317	14,075,317

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

Property taxes	188,554	
Intergovernmental	14,922	
Interest	7,543	
Total	211,019	211,019

In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. (24,962)

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

Deferred Outflows - Pension	754,917	
Deferred Inflows - Pension	(534,447)	
Net Pension Liability	(7,044,200)	
Total	(6,823,730)	(6,823,730)

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

Loans	(133,333)	
Tax Anticipation Notes	(1,435,696)	
Capital leases	(1,913,326)	
Compensated absences	(322,718)	
Total liabilities	(3,805,073)	(3,805,073)

Net Position of Governmental Activities \$13,910,915

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, 2016

	General Fund	Ohio School Facilities Maintenance Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$1,683,319	\$157,500	\$434,339	\$0	\$2,275,158
Intergovernmental	3,721,946	0	102,061	402,105	4,226,112
Investment Earnings	33,475	0	125,938	3,550	162,963
Tuition and Fees	296,212	0	0	88,495	384,707
Rent	53,300	0	0	0	53,300
Customer Sales and Services	138,373	0	0	98,063	236,436
Miscellaneous	6,221	0	2,087	1,628	9,936
Total Revenues	5,932,846	157,500	664,425	593,841	7,348,612
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	171,112	0	0	0	171,112
Vocational	2,688,397	0	37,878	123,472	2,849,747
Adult/Continuing	5,966	0	0	121,644	127,610
Support Services:					
Pupils	482,230	0	0	130,793	613,023
Instructional Staff	136,173	0	0	2,804	138,977
Board of Education	36,676	0	0	0	36,676
Administration	602,159	0	0	47,702	649,861
Fiscal	375,544	0	21,299	0	396,843
Business	6,559	0	0	379	6,938
Operation and Maintenance of Plant	491,012	53,134	5,226	0	549,372
Pupil Transportation	75,566	0	0	288	75,854
Central	33,277	0	0	15	33,292
Operation of Non-Instructional Services	20,101	0	0	222,999	243,100
Extracurricular Activities	7,637	0	0	0	7,637
Capital Outlay	249,681	0	69,756	0	319,437
Debt Service:					
Principal Retirement	0	0	447,806	0	447,806
Interest and Fiscal Charges	0	0	60,323	0	60,323
Total Expenditures	5,382,090	53,134	642,288	650,096	6,727,608
Excess of Revenues Over (Under) Expenditures	550,756	104,366	22,137	(56,255)	621,004
<u>Other Financing Sources (Uses):</u>					
Proceeds from Sale of Capital Assets	0	0	4,684	0	4,684
Transfers In	0	0	0	130,000	130,000
Transfers Out	(130,000)	0	0	0	(130,000)
Total Other Financing Sources (Uses)	(130,000)	0	4,684	130,000	4,684
Net Change in Fund Balances	420,756	104,366	26,821	73,745	625,688
Fund Balances at Beginning of Year	5,305,956	1,323,268	1,277,655	1,745,777	9,652,656
Fund Balances at End of Year	<u>\$5,726,712</u>	<u>\$1,427,634</u>	<u>\$1,304,476</u>	<u>\$1,819,522</u>	<u>\$10,278,344</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, 2016*

Net Change in Fund Balances - Total Governmental Funds \$625,688

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

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

Capital assets additions	606,857	
Depreciation expense	(870,152)	
Excess of capital asset depreciation over additions expense		(263,295)

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

Proceeds from Sale of Capital Assets	(4,684)	
Loss on Sale and Disposal of Capital Assets	(19,866)	
Total		(24,550)

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

Delinquent property taxes	19,952	
Intergovernmental	5,339	
Interest	4,628	
Total deferred		29,919

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. 406,963

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in Statement of Activities. (350,131)

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

Loan principal payment	33,337	
Tax anticipation note principal payment	187,870	
Lease principal payment	226,599	
Total long-term debt repayment		447,806

In the Statement of Activities, interest is accrued on outstanding bonds, notes and capital leases. 37

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

Increase in compensated absences payable	(19,533)
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Change in Net Position of Governmental Activities \$852,904

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$1,910,073	\$1,790,944	\$1,790,944	\$0
Intergovernmental	3,076,213	3,707,869	3,721,946	14,077
Tuition and Fees	244,847	295,124	296,212	1,088
Rent	43,817	52,815	53,300	485
Customer Sales and Services	115,348	139,034	138,373	(661)
Miscellaneous	1,330	1,604	5,760	4,156
Total Revenues	<u>5,391,628</u>	<u>5,987,390</u>	<u>6,006,535</u>	<u>19,145</u>
Expenditures:				
Current:				
Instruction:				
Regular	162,555	173,604	170,006	3,598
Vocational	3,159,664	3,113,235	2,815,877	297,358
Adult/Continuing	15,000	15,000	5,966	9,034
Support Services:				
Pupils	439,956	461,896	446,141	15,755
Instructional Staff	141,692	150,999	138,036	12,963
Board of Education	31,974	43,100	37,492	5,608
Administration	586,281	630,658	609,488	21,170
Fiscal	309,873	389,282	376,883	12,399
Business	7,550	8,550	6,559	1,991
Operation and Maintenance of Plant	564,571	521,014	495,172	25,842
Pupil Transportation	54,327	96,497	81,173	15,324
Central	35,397	46,289	40,777	5,512
Operation of Non-Instructional Services	39,185	39,000	21,086	17,914
Extracurricular Activities	13,405	12,855	7,637	5,218
Capital Outlay	1,500	281,000	277,926	3,074
Total Expenditures	<u>5,562,930</u>	<u>5,982,979</u>	<u>5,530,219</u>	<u>452,760</u>
Excess of Revenues Over (Under) Expenditures	<u>(171,302)</u>	<u>4,411</u>	<u>476,316</u>	<u>471,905</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	250	250	0	(250)
Refund of Prior Year Expenditures	0	0	461	461
Advances Out	0	(37,433)	(37,433)	0
Transfers Out	(16,000)	(146,000)	(130,000)	16,000
Total Other Financing Sources (Uses)	<u>(15,750)</u>	<u>(183,183)</u>	<u>(166,972)</u>	<u>16,211</u>
Net Change in Fund Balance	(187,052)	(178,772)	309,344	488,116
Fund Balance at Beginning of Year	4,997,689	4,997,689	4,997,689	0
Prior Year Encumbrances Appropriated	29,818	29,818	29,818	0
Fund Balance at End of Year	<u><u>\$4,840,455</u></u>	<u><u>\$4,848,735</u></u>	<u><u>\$5,336,851</u></u>	<u><u>\$488,116</u></u>

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio School Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Support Services:				
Operation and Maintenance of Plant	8,862	524,121	62,627	461,494
Excess of Revenues Under Expenditures	(8,862)	(524,121)	(62,627)	461,494
Other Financing Sources:				
Transfers In	157,500	157,500	157,500	0
Net Change in Fund Balance	148,638	(366,621)	94,873	461,494
Fund Balance at Beginning of Year	1,322,447	1,322,447	1,322,447	0
Prior Year Encumbrances Appropriated	1,621	1,621	1,621	0
Fund Balance at End of Year	<u>\$1,472,706</u>	<u>\$957,447</u>	<u>\$1,418,941</u>	<u>\$461,494</u>

See accompanying notes to the basic financial statements

Southern Hills Joint Vocational School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust Fund	
	Scholarship Fund	Agency Fund
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$66,039	\$37,241
<u>Liabilities:</u>		
Undistributed Monies	0	\$37,241
<u>Net Position:</u>		
Held in Trust for Scholarships	\$66,039	

See accompanying notes to the basic financial statements

*Southern Hills Joint Vocational School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2016*

	Scholarship Fund
<u>Additions:</u>	
Contribution and Donations	\$2,000
<u>Deductions:</u>	
Payments in Accordance with Trust Agreements	2,850
<i>Changes in Net Position</i>	(850)
Net Position Beginning of Year	66,889
Net Position End of Year	\$66,039

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, 2016

Note 1 – Description of the School District and Reporting Entity

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

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

The School District, located in Brown County, was established in 1970 and includes all of Brown County and the Bright Local School District in Highland County. The School District serves an area of approximately 634 square miles. It is staffed by 20 non-certificated and 34 certificated teaching personnel and administrative employees providing education to 412 secondary students and 835 adult education students. Secondary students include the full-time equivalents of home schooled students and students attending programs offered outside the central building. These students are not included as full-time students in the School District’s average daily membership.

Reporting Entity

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

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

Jointly Governed Organization:

South Central Ohio Computer Association Regional Council of Governments

Insurance Purchasing Pool:

Ohio SchoolComp Workers' Compensation Group Rating Plan

Public Entity Shared Risk and Insurance Purchasing Pool:

Brown County Schools Benefits Consortium

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities reports increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 10).

Expenses/Expenditures

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Cash and Cash Equivalents

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

During fiscal year 2016, the School District's investments were limited to the negotiable certificates of deposit, Federal Home Loan Mortgage Association Notes, and Federal Home Loan Mortgage Association Medium Term Notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2016 amounted to \$33,475, which includes \$14,476 assigned from other School District funds. Interest revenue credited to the Permanent Improvement Capital Projects Fund during fiscal year 2016 amounted to \$125,938, which includes \$96,239 assigned from other School District funds.

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

Restricted Assets

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

Interfund Balances

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

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

Capital Assets

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is \$500. 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.

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:

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

Compensated Absences

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

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

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

On governmental fund financial statements, compensated absences are recognized a liability and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees are paid.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Accrued Liabilities and Long-term Obligations

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

Net Position

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

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

Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

The 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 in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years.

Estimates

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

Note 3 – Change in Accounting Principles

For fiscal year 2016, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application," GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," GASB Statement No. 79, "Certain External Investment Pools and Pool Participants," and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73."

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

implementation of this GASB pronouncement did not result in any changes to the School District's financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the School District's financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The School District incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Budgetary Basis of Accounting

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

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

	Net Change in Fund Balance	
	General Fund	Ohio School Facilities Maintenance Fund
GAAP Basis	\$420,756	\$104,366
Adjustments:		
Revenue Accruals	102,344	(157,500)
Expenditure Accruals	2,373	(631)
Advances (Net)	(37,433)	157,500
Encumbrances	(150,502)	(8,862)
Net Increase in Fair Value		
of Investments - Fiscal Year 2015	2,447	0
Net Increase in Fair Value		
of Investments - Fiscal Year 2016	(30,641)	0
Budget Basis	<u>\$309,344</u>	<u>\$94,873</u>

Note 5 – Deposits and Investments

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

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

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

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Investments

As of June 30, 2016, the School District had the following investments:

Measurement/Investment	Measurement Amount	Investment Maturities (in Years)			Moody's Rating	Percent of Total Investments
		Less Than 1	1-3	3-5		
Fair Value:						
Negotiable Certificates of Deposit	\$5,861,357	\$945,611	\$4,465,412	\$450,334	N/A	92.13%
Federal Home Loan Mortgage Association Notes	250,423	0	250,423	0	Aaa	N/A
Federal Home Loan Mortgage Association Medium Term Notes	250,075	0	0	250,075	Aaa	N/A
Totals	<u>\$6,361,855</u>	<u>\$945,611</u>	<u>\$4,715,835</u>	<u>\$700,409</u>		

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2016. All of the School District's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk

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

Credit Risk

The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Concentration of Credit Risk

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

Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Brown County. The Brown County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amounts available as an advance at June 30, 2016, were \$390,387 in the General Fund and \$144,694 in the Permanent Improvement Capital Projects Fund. The amounts available as an advance at June 30, 2015, were \$498,012 in the General Fund and \$190,116 in the Permanent Improvement Capital Projects Fund.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

The assessed values upon which fiscal year 2016 taxes were collected are:

	2015 Second- Half Collections		2016 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$754,201,610	94.08%	\$843,625,800	94.74%
Public Utility Personal	47,497,570	5.92%	46,851,370	5.26%
Total Assessed Value	<u>\$801,699,180</u>	<u>100.00%</u>	<u>\$890,477,170</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed	\$6.40		\$6.40	

Note 7 – Receivables

Receivables at June 30, 2016, consisted of property taxes, interest, intergovernmental grants, interfund and advances. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except delinquent property taxes and advances, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
E-Rate Grant	\$12,142
Vocational Education Planning District Grant	47,931
Federal Lunchroom Reimbursement	3,903
Schools that Work Grant	2,313
Improving Teacher Grant	100
Total Intergovernmental Receivables	<u>\$66,389</u>

Note 8 – Capital Assets

Capital assets activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Ending Balance 6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2016</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	<u>\$339,053</u>	<u>\$0</u>	<u>\$0</u>	<u>\$339,053</u>
				(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

	Ending Balance 6/30/2015	Additions	Deletions	Ending Balance 6/30/2016
Governmental Activities				
Capital Assets Being Depreciated				
Land Improvements	\$514,522	\$56,720	\$0	\$571,242
Buildings and Improvements	17,442,223	248,654	0	17,690,877
Furniture and Equipment	5,503,678	239,740	(98,652)	5,644,766
Vehicles	456,814	61,743	0	518,557
Textbooks	4,295	0	0	4,295
Total Capital Assets Being Depreciated	<u>23,921,532</u>	<u>606,857</u>	<u>(98,652)</u>	<u>24,429,737</u>
Less Accumulated Depreciation:				
Land Improvements	(447,503)	(8,426)	0	(455,929)
Buildings and Improvements	(5,467,719)	(515,953)	0	(5,983,672)
Furniture and Equipment	(3,621,921)	(319,195)	74,102	(3,867,014)
Vehicles	(356,916)	(25,719)	0	(382,635)
Textbooks	(3,364)	(859)	0	(4,223)
Total Accumulated Depreciation	<u>(9,897,423)</u>	<u>(870,152) *</u>	<u>74,102</u>	<u>(10,693,473)</u>
Total Capital Assets Being Depreciated, Net	<u>14,024,109</u>	<u>(263,295)</u>	<u>(24,550)</u>	<u>13,736,264</u>
Governmental Activities Capital Assets, Net	<u>\$14,363,162</u>	<u>(\$263,295)</u>	<u>(\$24,550)</u>	<u>\$14,075,317</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$16,340
Special	4,657
Vocational	700,303
Adult/Continuing	2,400
Support Services:	
Pupils	12,275
Instructional Staff	3,144
Board of Education	43,018
Administration	7,453
Fiscal	8,883
Operation and Maintenance of Plant	35,818
Pupil Transportation	5,560
Central	78
Operation of Non-Instructional Services	30,223
Total Depreciation Expense	<u>\$870,152</u>

Note 9 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the School District contracted with Wells Fargo Insurance Services USA for general liability insurance with a \$6,000,000 single occurrence limit and an \$8,000,000 aggregate. Property is protected by Wells Fargo Insurance Services USA and holds a \$1,000 deductible with a \$25,470,000 limit. The School District's vehicles are covered by GUA under a

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

business policy and hold a \$500 deductible for comprehensive and a \$1,000 deductible for collision with a \$1,000,000 limit on any accident. School Board errors and omissions coverage is provided by GUA and has a \$6,000,000 general liability and an \$8,000,000 aggregate limit.

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

Workers' Compensation

For fiscal year 2016, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

Employee Medical and Dental Benefits

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

Note 10 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$123,595 for fiscal year 2016. Of this amount \$8,960 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$283,368 for fiscal year 2016. Of this amount \$42,654 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.02582900%	0.02018413%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.02748030%</u>	<u>0.01981445%</u>	
Change in Proportionate Share	<u>0.00165130%</u>	<u>-0.00036968%</u>	
Proportionate Share of the Net			
Pension Liability	\$1,568,053	\$5,476,147	\$7,044,200
Pension Expense	\$124,379	\$225,752	\$350,131

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$25,248	\$249,644	\$274,892
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	73,062	0	73,062
School District contributions subsequent to the measurement date	<u>123,595</u>	<u>283,368</u>	<u>406,963</u>
Total Deferred Outflows of Resources	<u>\$221,905</u>	<u>\$533,012</u>	<u>\$754,917</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$51,955	\$393,840	\$445,795
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>0</u>	<u>88,652</u>	<u>88,652</u>
Total Deferred Inflows of Resources	<u>\$51,955</u>	<u>\$482,492</u>	<u>\$534,447</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

\$406,963 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	\$4,476	(\$111,039)	(\$106,563)
2018	4,476	(111,039)	(106,563)
2019	4,356	(111,039)	(106,683)
2020	<u>33,047</u>	<u>100,269</u>	<u>133,316</u>
Total	<u>\$46,355</u>	<u>(\$232,848)</u>	<u>(\$186,493)</u>

Actuarial Assumptions - SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u>100.00 %</u>	

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$2,174,325	\$1,568,053	\$1,057,521

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops best estimates for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$7,606,764	\$5,476,147	\$3,674,370

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, 2016, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 11 – Postemployment Benefits

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was \$4,445.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$15,693, and \$7,228, respectively. The full amount has been contributed for all three fiscal years.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$21,690, respectively. The full amount has been contributed for all three fiscal years.

Note 12 – Employee Benefits

Compensated Absences

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

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

Other Employee Benefits

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

Note 13 – Capitalized Lease – Lessee Disclosure

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2016.

Fiscal Year Ending June 30,	Total Payments
2017	\$263,220
2018	274,344
2019	285,990
2020	298,183
2021	303,322
2022-2023	670,232
Total	2,095,291
Less: Amount Representing Interest	(181,965)
Present Value of Net Minimum Lease Payments	<u>\$1,913,326</u>

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

Fiscal Year Ending June 30,	Interest	Principal Retirement Through Investment Earnings	Sinking Fund Payments	Total Lease Payments
2017	\$25,995	\$80,176	\$157,049	\$263,220
2018	25,995	91,300	157,049	274,344
2019	25,995	102,946	157,049	285,990
2020	25,995	115,139	157,049	298,183
2021	25,995	127,903	157,049	310,947
2022-2023	51,990	296,519	314,098	662,607
Total Lease Payments	<u>\$181,965</u>	<u>\$813,983</u>	<u>\$1,099,343</u>	<u>\$2,095,291</u>

As of June 30, 2016, \$119,686 of the proceeds of the lease were unexpended on the project.

At fiscal year-end, capital assets under this lease have been capitalized as buildings and improvements in the Statement of Net Position for governmental activities. A liability was recorded on the Statement of Net Position for governmental activities. Principal payments in fiscal year 2016 totaled \$226,599 and were paid from the Permanent Improvement Fund.

	Asset Value	Accumulated Depreciation	Net Book Value
<u>Asset:</u>			
Buildings and Improvements	<u>\$1,324,993</u>	<u>(\$247,331)</u>	<u>\$1,077,662</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 14 – Long-Term Obligations

The changes in the School District’s long-term obligations during fiscal year 2016 were as follows:

	Amount Outstanding 6/30/15	Additions	Deductions	Amount Outstanding 6/30/16	Amounts Due in One Year
<u>Governmental Activities:</u>					
Net Pension Liability:					
STRS	\$4,909,492	\$566,655	\$0	\$5,476,147	\$0
SERS	1,307,191	260,862	0	1,568,053	0
Total Net Pension Liability	<u>6,216,683</u>	<u>827,517</u>	<u>0</u>	<u>7,044,200</u>	<u>0</u>
2005 Facility Improvement and Equipment Replacement					
Loan - 0%	166,670	0	33,337	133,333	33,333
2014 Permanent Improvement Tax					
Anticipation Note - 2.5%	1,623,566	0	187,870	1,435,696	208,894
Capital Lease	2,139,925	0	226,599	1,913,326	157,049
Compensated Absences	303,185	50,328	30,795	322,718	72,841
Total Governmental Activities Long-Term Obligations	<u>\$10,450,029</u>	<u>\$877,845</u>	<u>\$478,601</u>	<u>\$10,849,273</u>	<u>\$472,117</u>

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

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

The School District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the General Fund, Lunchroom, Adult Education, and Renewed Opportunity Special Revenue Funds. For additional information related to the net position liability see note 10.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Principal requirements to retire the debt outstanding at June 30, 2016 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Loan Principal</u>	<u>Tax Anticipation Note Principal</u>	<u>Tax Anticipation Note Interest</u>
2017	\$33,333	\$208,894	\$33,510
2018	33,333	214,176	28,227
2019	33,333	219,592	22,811
2020	33,334	225,145	17,258
2021	0	230,839	11,564
2022-2023	0	337,050	6,355
Total	<u>\$133,333</u>	<u>\$1,435,696</u>	<u>\$119,725</u>

The School District's overall legal debt margin was \$80,142,945, with an unvoted debt margin of \$890,477 at June 30, 2016.

Note 15 – Interfund Activity

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2016 were as follows:

	<u>Transfers From General Fund</u>
Transfers To	
Nonmajor Governmental Funds	<u>\$130,000</u>

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

Interfund Balances

Interfund balances at June 30, 2016, consist of the following individual interfund receivables and payable:

	<u>Receivable</u>
Payable	
Nonmajor Governmental Funds	<u>\$37,433</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

Advances To/From Other Funds

As of June 30, 2016, receivables and payables that resulted from various long-term advances were as follows:

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

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

Note 16 – Jointly Governed Organization and Insurance Purchasing Pool

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

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

During fiscal year 2016, SCOCARCoG entered into a merger agreement with Metropolitan Educational Technology Association (“META”). Pursuant to an addendum to the agreement, certain liabilities will remain the sole responsibility of SCOCARCoG, and once these remaining liabilities are satisfied, SCOCARCoG will be dissolved and the member districts will become members of META. SCOCARCoG entered into a subcontract agreement with META to provide services to SCOCARCoG, and on behalf of SCOCARCoG, to the member districts. Consistent

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

with the merger agreement and updated bylaws, SCOCARCoG is currently governed by a four person executive governing board. The School District paid SCOCARCoG \$23,535 for services provided during the fiscal year.

Ohio SchoolComp Workers' Compensation Group Rating Plan

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

**Note 17 – Public Entity Shared Risk and Insurance Purchasing Pool
Brown County Schools Benefits Consortium**

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

Note 18 – Set-Asides

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

	Capital Acquisitions	Budget Stabilization
Set-aside Balance as of June 30, 2015	\$0	\$20,297
Current Fiscal Year Set-aside Requirement	68,158	0
Qualifying Disbursements	(68,158)	0
Set-aside Balance as of June 30, 2016	<u>\$0</u>	<u>\$20,297</u>
Required Set-aside Balances Carried Forward to Fiscal Year 2017	<u>\$0</u>	<u>\$20,297</u>

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

Note 19 - Significant Commitments

Encumbrances

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

General Fund	\$150,502
Ohio School Facilities Maintenance	8,862
Permanent Improvement	21,582
Nonmajor Governmental Funds	3,913
Total	<u>\$184,859</u>

Note 20 – Fund Balances

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Fund Balances	General Fund	Ohio School Facilities Maintenance Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$8,198	\$0	\$0	\$283	\$8,481
Inventory	0	0	0	1,622	1,622
Long Term Advances	200,000	0	0	0	200,000
<i>Total Nonspendable</i>	208,198	0	0	1,905	210,103
<i>Restricted for</i>					
Permanent Improvements	0	0	1,304,476	0	1,304,476
Food Service Operations	0	0	0	432,017	432,017
Miscellaneous Grants	0	0	0	103,213	103,213
Adult Education	0	0	0	667,601	667,601
Set Asides	20,297	0	0	0	20,297
Capital Maintenance	0	1,427,634	0	0	1,427,634
Capital Improvements	0	0	0	614,922	614,922
<i>Total Restricted</i>	20,297	1,427,634	1,304,476	1,817,753	4,570,160
<i>Committed to</i>					
Termination Benefits	380,675	0	0	0	380,675
<i>Assigned to</i>					
Equipment	90,797	0	0	0	90,797
Buildings and Improvement	28,222	0	0	0	28,222
Professional Services	8,224	0	0	0	8,224
Travel Expenses	8,115	0	0	0	8,115
Advertising	6,460	0	0	0	6,460
Vehicles	6,000	0	0	0	6,000
Materials and Supplies	2,427	0	0	0	2,427
<i>Total Assigned</i>	150,245	0	0	0	150,245
<i>Unassigned (Deficit)</i>	4,967,297	0	0	(136)	4,967,161
<i>Total Fund Balances</i>	\$5,726,712	\$1,427,634	\$1,304,476	\$1,819,522	\$10,278,344

Note 21 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2016, if applicable, cannot be determined at this time.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2016, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result no liability for the School District to ODE.

Litigation

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

Note 22 – Accountability

At June 30, 2016, the Technical Preparation Grant and Improving Teacher Quality special revenue funds had negative fund balances of \$36 and \$100, respectively. The deficits in these funds were created by the recognition of accrued liabilities. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

Southern Hills Joint Vocational School District

Required Supplementary Information

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

	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.02748030%	0.02582900%	0.02582900%
School District's Proportionate Share of the Net Pension Liability	\$1,568,053	\$1,307,191	\$1,535,968
School District's Covered-Employee Payroll	\$841,486	\$676,046	\$665,046
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	186.34%	193.36%	230.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

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

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.01981445%	0.02018418%	0.02018418%
School District's Proportionate Share of the Net Pension Liability	\$5,476,147	\$4,909,492	\$5,848,154
School District's Covered-Employee Payroll	\$2,051,843	\$2,168,992	\$2,178,692
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	266.89%	226.35%	268.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

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

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$123,595	\$110,908	\$93,700	\$92,042
Contributions in Relation to the Contractually Required Contribution	<u>(123,595)</u>	<u>(110,908)</u>	<u>(93,700)</u>	<u>(92,042)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$882,821	\$841,486	\$676,046	\$665,046
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$103,088	\$78,496	\$92,164	\$72,650	\$68,111	\$66,629
<u>(103,088)</u>	<u>(78,496)</u>	<u>(92,164)</u>	<u>(72,650)</u>	<u>(68,111)</u>	<u>(66,629)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$766,457	\$624,471	\$680,681	\$738,317	\$693,592	\$623,867
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Southern Hills Joint Vocational School District

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$283,368	\$287,258	\$281,969	\$283,230
Contributions in Relation to the Contractually Required Contribution	<u>(283,368)</u>	<u>(287,258)</u>	<u>(281,969)</u>	<u>(283,230)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$2,024,057	\$2,051,843	\$2,168,992	\$2,178,692
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$270,614	\$316,250	\$335,776	\$321,611	\$300,085	\$288,039
<u>(270,614)</u>	<u>(316,250)</u>	<u>(335,776)</u>	<u>(321,611)</u>	<u>(300,085)</u>	<u>(288,039)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,081,646	\$2,432,692	\$2,582,892	\$2,473,931	\$2,308,346	\$2,215,685
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

*Southern Hills Joint Vocational School District
Fund Descriptions*

Special Revenue Funds

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

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

(continued)

*Southern Hills Joint Vocational School District
Fund Descriptions*

Capital Projects Funds

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

Nonmajor Capital Projects Funds

Ohio School Facilities Commission (OSFC) Locally Funded Initiative Fund – This fund is used to account for and report all State grants that were transferred from the Permanent Improvement and Nonmajor Governmental Funds restricted for expenditures on the building renovation that are not funded by the Ohio School Facilities Commission. The School District did not anticipate any activity in this fund, and none occurred. Therefore, no budgetary statement is presented.

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

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$1,197,843	\$814,922	\$2,012,765
Receivables:			
Accrued Interest	567	0	567
Intergovernmental	54,247	0	54,247
Prepaid Items	283	0	283
Materials and Supplies Inventory	1,622	0	1,622
Inventory Held for Resale	12,890	0	12,890
Total Assets	\$1,267,452	\$814,922	\$2,082,374
<u>Liabilities:</u>			
Accounts Payable	\$258	\$0	\$258
Accrued Wages and Benefits Payable	19,346	0	19,346
Intergovernmental Payable	2,748	0	2,748
Interfund Payable	37,433	0	37,433
Advances from Other Funds	0	200,000	200,000
Total Liabilities	59,785	200,000	259,785
<u>Deferred Inflows of Resources:</u>			
Unavailable Revenue	3,067	0	3,067
<u>Fund Balances:</u>			
Nonspendable	1,905	0	1,905
Restricted	1,202,831	614,922	1,817,753
Unassigned (Deficit)	(136)	0	(136)
Total Fund Balances	1,204,600	614,922	1,819,522
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,267,452	\$814,922	\$2,082,374

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Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	Lunchroom Fund	Adult Education Fund	Renewed Opportunity Fund	Educational Management Information Systems Fund
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$428,474	\$676,165	\$84,964	\$36
Receivables:				
Accrued Interest	567	0	0	0
Intergovernmental	3,903	0	0	0
Prepaid Items	283	0	0	0
Materials and Supplies Inventory	1,622	0	0	0
Inventory Held for Resale	12,890	0	0	0
Total Assets	\$447,739	\$676,165	\$84,964	\$36
<u>Liabilities:</u>				
Accounts Payable	\$0	\$0	\$258	\$0
Accrued Wages and Benefits Payable	12,075	7,271	0	0
Intergovernmental Payable	1,455	1,293	0	0
Interfund Payable	0	0	0	0
Total Liabilities	13,530	8,564	258	0
<u>Deferred Inflows of Resources:</u>				
Unavailable Revenue	287	0	0	0
<u>Fund Balances:</u>				
Nonspendable	1,905	0	0	0
Restricted	432,017	667,601	84,706	36
Unassigned (Deficit)	0	0	0	0
Total Fund Balances	433,922	667,601	84,706	36
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$447,739	\$676,165	\$84,964	\$36

Technical Preparation Grant Fund	VEPD Grant Fund	Improving Teacher Quality Fund	Total Nonmajor Special Revenue Funds
\$11	\$8,183	\$10	\$1,197,843
0	0	0	567
2,313	47,931	100	54,247
0	0	0	283
0	0	0	1,622
0	0	0	12,890
<u>\$2,324</u>	<u>\$56,114</u>	<u>\$110</u>	<u>\$1,267,452</u>
\$0	\$0	\$0	\$258
0	0	0	19,346
0	0	0	2,748
2,323	35,000	110	37,433
<u>2,323</u>	<u>35,000</u>	<u>110</u>	<u>59,785</u>
<u>37</u>	<u>2,643</u>	<u>100</u>	<u>3,067</u>
0	0	0	1,905
0	18,471	0	1,202,831
(36)	0	(100)	(136)
<u>(36)</u>	<u>18,471</u>	<u>(100)</u>	<u>1,204,600</u>
<u>\$2,324</u>	<u>\$56,114</u>	<u>\$110</u>	<u>\$1,267,452</u>

Southern Hills Joint Vocational School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016

	OSFC Locally Funded Initiative Fund	OSFC Vocational Renovation Project Fund	Total Nonmajor Capital Projects Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$124,299	\$690,623	\$814,922
<u>Liabilities:</u>			
Advances from Other Funds	\$0	\$200,000	\$200,000
<u>Fund Balances:</u>			
Restricted	124,299	490,623	614,922
<i>Total Liabilities and Fund Balances</i>	\$124,299	\$690,623	\$814,922

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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Intergovernmental	\$402,105	\$0	\$402,105
Investment Earnings	3,550	0	3,550
Tuition and Fees	88,495	0	88,495
Customer Sales and Services	98,063	0	98,063
Miscellaneous	1,628	0	1,628
<i>Total Revenues</i>	<u>593,841</u>	<u>0</u>	<u>593,841</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational	123,472	0	123,472
Adult/Continuing	121,644	0	121,644
Support Services:			
Pupils	130,793	0	130,793
Instructional Staff	2,804	0	2,804
Administration	47,702	0	47,702
Business	379	0	379
Pupil Transportation	288	0	288
Central	15	0	15
Operation of Non-Instructional Services	222,999	0	222,999
<i>Total Expenditures</i>	<u>650,096</u>	<u>0</u>	<u>650,096</u>
Excess of Revenues Over (Under) Expenditures	(56,255)	0	(56,255)
<u>Other Financing Sources:</u>			
Transfers In	130,000	0	130,000
Net Change in Fund Balances	73,745	0	73,745
Fund Balances at Beginning of Year	<u>1,130,855</u>	<u>614,922</u>	<u>1,745,777</u>
Fund Balances at End of Year	<u><u>\$1,204,600</u></u>	<u><u>\$614,922</u></u>	<u><u>\$1,819,522</u></u>

Southern Hills Joint Vocational School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016

	Lunchroom Fund	Adult Education Fund	Renewed Opportunity Fund	Educational Management Information System Fund
<u>Revenues:</u>				
Intergovernmental	\$105,191	\$62,995	\$39,706	\$0
Investment Earnings	3,550	0	0	0
Tuition and Fees	0	88,495	0	0
Customer Sales and Services	88,363	0	9,700	0
Miscellaneous	1,587	17	6	0
<i>Total Revenues</i>	<u>198,691</u>	<u>151,507</u>	<u>49,412</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Vocational	0	0	9,701	0
Adult/Continuing	0	121,644	0	0
Support Services:				
Pupils	0	0	38,927	0
Instructional Staff	0	0	0	0
Administration	0	47,702	0	0
Business	0	379	0	0
Pupil Transportation	0	0	288	0
Central	0	0	0	15
Operation of Non-Instructional Services	222,999	0	0	0
<i>Total Expenditures</i>	<u>222,999</u>	<u>169,725</u>	<u>48,916</u>	<u>15</u>
Excess of Revenues Over (Under) Expenditures	(24,308)	(18,218)	496	(15)
<u>Other Financing Sources:</u>				
Transfers In	75,000	55,000	0	0
Net Change in Fund Balances	50,692	36,782	496	(15)
Fund Balances at Beginning of Year	383,230	630,819	84,210	51
Fund Balances at End of Year	<u>\$433,922</u>	<u>\$667,601</u>	<u>\$84,706</u>	<u>\$36</u>

OneNet Fund	Technical Preparation Grant Fund	VEPD Grant Fund	Improving Teacher Quality Fund	Miscellaneous Federal Grants Fund	Total Nonmajor Special Revenue Funds
\$1,800	\$3,953	\$136,240	\$904	\$51,316	\$402,105
0	0	0	0	0	3,550
0	0	0	0	0	88,495
0	0	0	0	0	98,063
0	0	18	0	0	1,628
<u>1,800</u>	<u>3,953</u>	<u>136,258</u>	<u>904</u>	<u>51,316</u>	<u>593,841</u>
0	26,305	36,150	0	51,316	123,472
0	0	0	0	0	121,644
0	0	91,866	0	0	130,793
1,800	0	0	1,004	0	2,804
0	0	0	0	0	47,702
0	0	0	0	0	379
0	0	0	0	0	288
0	0	0	0	0	15
0	0	0	0	0	222,999
<u>1,800</u>	<u>26,305</u>	<u>128,016</u>	<u>1,004</u>	<u>51,316</u>	<u>650,096</u>
0	(22,352)	8,242	(100)	0	(56,255)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>130,000</u>
0	(22,352)	8,242	(100)	0	73,745
<u>0</u>	<u>22,316</u>	<u>10,229</u>	<u>0</u>	<u>0</u>	<u>1,130,855</u>
<u>\$0</u>	<u>(\$36)</u>	<u>\$18,471</u>	<u>(\$100)</u>	<u>\$0</u>	<u>\$1,204,600</u>

Southern Hills Joint Vocational School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2016

	Balance at 6/30/2015	Additions	Deletions	Balance at 6/30/2016
STUDENT MANAGED ACTIVITY				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$34,155	\$43,308	\$40,222	\$37,241
<u>Liabilities:</u>				
Undistributed Monies	\$34,155	\$43,308	\$40,222	\$37,241

Southern Hills Joint Vocational School District

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$1,790,944	\$1,790,944	\$0
Intergovernmental	3,707,869	3,721,946	14,077
Tuition and Fees	295,124	296,212	1,088
Rent	52,815	53,300	485
Customer Sales and Services	139,034	138,373	(661)
Miscellaneous	1,604	5,760	4,156
Total Revenues	5,987,390	6,006,535	19,145
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	127,065	126,733	332
Fringe Benefits	43,289	43,023	266
Purchased Services	750	0	750
Materials and Supplies	1,250	250	1,000
Capital Outlay	1,250	0	1,250
Total Regular	173,604	170,006	3,598
Vocational:			
Salaries and Wages	1,393,975	1,385,549	8,426
Fringe Benefits	547,238	521,957	25,281
Purchased Services	223,526	162,914	60,612
Materials and Supplies	562,668	422,952	139,716
Capital Outlay	10,905	6,304	4,601
Other	374,923	316,201	58,722
Total Vocational	3,113,235	2,815,877	297,358
Adult/Continuing:			
Purchased Services	15,000	5,966	9,034
Total Instruction	3,301,839	2,991,849	309,990
Support Services:			
Pupils:			
Salaries and Wages	293,565	290,472	3,093
Fringe Benefits	149,606	143,937	5,669
Purchased Services	8,110	2,630	5,480
Materials and Supplies	2,000	988	1,012
Capital Outlay	8,615	8,114	501
Total Pupils	461,896	446,141	15,755
Instructional Staff:			
Salaries and Wages	99,102	95,396	3,706
Fringe Benefits	38,592	37,742	850
Purchased Services	1,250	395	855
Materials and Supplies	11,555	4,366	7,189
Capital Outlay	500	137	363
Total Instructional Staff	\$150,999	\$138,036	\$12,963
Board of Education:			
Salaries and Wages	\$12,600	\$10,125	\$2,475
Fringe Benefits	2,200	1,841	359
Purchased Services	14,300	11,638	2,662
Other	14,000	13,888	112
Total Board of Education	43,100	37,492	5,608

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016
(continued)

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Administration:			
Salaries and Wages	406,134	405,078	1,056
Fringe Benefits	199,528	183,929	15,599
Purchased Services	8,575	8,052	523
Materials and Supplies	11,650	7,668	3,982
Capital Outlay	4,771	4,761	10
Total Administration	630,658	609,488	21,170
Fiscal:			
Salaries and Wages	162,268	159,880	2,388
Fringe Benefits	130,753	126,433	4,320
Purchased Services	8,500	4,702	3,798
Materials and Supplies	1,500	635	865
Capital Outlay	1,061	1,061	0
Other	85,200	84,172	1,028
Total Fiscal	389,282	376,883	12,399
Business:			
Materials and Supplies	8,450	6,528	1,922
Other	100	31	69
Total Business	8,550	6,559	1,991
Operation and Maintenance of Plant:			
Salaries and Wages	198,910	195,623	3,287
Fringe Benefits	115,229	108,856	6,373
Purchased Services	151,000	136,846	14,154
Materials and Supplies	54,875	53,847	1,028
Capital Outlay	1,000	0	1,000
Total Operation and Maintenance of Plant	521,014	495,172	25,842
Pupil Transportation:			
Salaries and Wages	11,500	9,036	2,464
Fringe Benefits	2,577	1,537	1,040
Purchased Services	9,820	8,517	1,303
Materials and Supplies	16,000	5,504	10,496
Capital Outlay	56,600	56,579	21
Total Pupil Transportation	\$96,497	\$81,173	\$15,324
Central:			
Salaries and Wages	\$3,800	\$3,649	\$151
Fringe Benefits	989	568	421
Purchased Services	41,500	36,560	4,940
Total Central	46,289	40,777	5,512
Total Support Services	2,348,285	2,231,721	116,564
Operation of Non-Instructional Services:			
Shared Services:			
Purchased Services	32,000	18,814	13,186
Materials and Supplies	7,000	2,272	4,728
Total Operation of Non-Instructional Services:	39,000	21,086	17,914
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Salaries and Wages	1,100	0	1,100
Fringe Benefits	175	0	175
Total Academic and Subject Oriented Activities	1,275	0	1,275

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016
(continued)

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Occupational Oriented Activities:			
Salaries and Wages	9,350	6,600	2,750
Fringe Benefits	1,585	1,037	548
Total Occupational Oriented Activities	<u>10,935</u>	<u>7,637</u>	<u>3,298</u>
School and Public Service Co-Curricular Activities:			
Salaries and Wages	550	0	550
Fringe Benefits	95	0	95
Total School and Public Service Co-Curricular Activities	<u>645</u>	<u>0</u>	<u>645</u>
Total Extracurricular Activities	<u>12,855</u>	<u>7,637</u>	<u>5,218</u>
Capital Outlay:			
Site Improvement Services:			
Capital Outlay	1,500	0	1,500
Building Acquisition and Construction Services:			
Capital Outlay	250,000	248,654	1,346
Other Facilities Acquisition and Construction Services:			
Capital Outlay	29,500	29,272	228
Total Capital Outlay	<u>281,000</u>	<u>277,926</u>	<u>3,074</u>
<i>Total Expenditures</i>	<u>5,982,979</u>	<u>5,530,219</u>	<u>452,760</u>
Excess of Revenues Over Expenditures	<u>4,411</u>	<u>476,316</u>	<u>471,905</u>
<i>Other Financing Sources (Uses):</i>			
Proceeds from Sale of Capital Assets	250	0	(250)
Refund of Prior Year Expenditures	0	461	461
Advances Out	(37,433)	(37,433)	0
Transfers Out	(146,000)	(130,000)	16,000
<i>Total Other Financing Sources (Uses)</i>	<u>(183,183)</u>	<u>(166,972)</u>	<u>16,211</u>
Net Change in Fund Balance	(178,772)	309,344	488,116
Fund Balance at Beginning of Year	4,997,689	4,997,689	0
Prior Year Encumbrances Appropriated	<u>29,818</u>	<u>29,818</u>	<u>0</u>
Fund Balance at End of Year	<u>\$4,848,735</u>	<u>\$5,336,851</u>	<u>\$488,116</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio School Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	22,500	434	22,066
Materials and Supplies	501,621	62,193	439,428
<i>Total Expenditures</i>	<u>524,121</u>	<u>62,627</u>	<u>461,494</u>
Excess of Revenues Under Expenditures	(524,121)	(62,627)	461,494
Other Financing Sources:			
Transfers In	<u>157,500</u>	<u>157,500</u>	<u>0</u>
Net Change in Fund Balance	(366,621)	94,873	461,494
Fund Balance at Beginning of Year	1,322,447	1,322,447	0
Prior Year Encumbrances Appropriated	<u>1,621</u>	<u>1,621</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$957,447</u></u>	<u><u>\$1,418,941</u></u>	<u><u>\$461,494</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$637,261	\$637,261	\$0
Intergovernmental	102,058	102,061	3
Investment Earnings	53,410	56,388	2,978
Miscellaneous	2,122	2,087	(35)
Total Revenues	794,851	797,797	2,946
Expenditures:			
Current:			
Instruction:			
Vocational:			
Capital Outlay	45,402	37,878	7,524
Support Services:			
Fiscal:			
Other	22,525	21,299	1,226
Operation and Maintenance of Plant:			
Purchased Services	5,000	0	5,000
Capital Outlay	5,600	5,226	374
Total Support Services	33,125	26,525	6,600
Operation of Non-Instructional Services:			
Food Service Operations:			
Capital Outlay	290	0	290
Capital Outlay:			
Site Improvement Services:			
Purchased Services	5,500	0	5,500
Capital Outlay	31,623	31,315	308
Total Site Improvement Services	37,123	31,315	5,808
Building Acquisition and Construction Services:			
Purchased Services	\$16,688	\$15,647	\$1,041

(continued)

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2016
(continued)

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Other Facilities Acquisition and Construction Services: Capital Outlay	\$56,612	\$56,592	\$20
Total Capital Outlay	110,423	103,554	6,869
Debt Service:			
Principal Retirement	383,511	378,256	5,255
Interest and Fiscal Charges	60,326	60,323	3
Issuance Costs	1,000	0	1,000
Total Debt Service	444,837	438,579	6,258
<i>Total Expenditures</i>	634,077	606,536	27,541
Excess of Revenues Over Expenditures	160,774	191,261	30,487
<i>Other Financing Sources (Uses):</i>			
Proceeds from Sale of Capital Assets	4,684	4,684	0
Transfers Out	(157,500)	(157,500)	0
<i>Total Other Financing Sources (Uses)</i>	(152,816)	(152,816)	0
Net Change in Fund Balance	7,958	38,445	30,487
Fund Balance at Beginning of Year	1,017,402	1,017,402	0
Prior Year Encumbrances Appropriated	82,360	82,360	0
Fund Balance at End of Year	<u>\$1,107,720</u>	<u>\$1,138,207</u>	<u>\$30,487</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

Schedule of Revenues, Expenditures and Changes

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

Lunchroom Fund

For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$81,550	\$87,382	\$5,832
Investment Earnings	2,100	2,228	128
Customer Sales and Services	88,500	88,363	(137)
Miscellaneous	1,580	1,587	7
<i>Total Revenues</i>	<u>173,730</u>	<u>179,560</u>	<u>5,830</u>
Expenditures:			
Current:			
Operation of Non-Instructional Services:			
Food Service Operations:			
Salaries and Wages	83,100	74,116	8,984
Fringe Benefits	56,583	53,480	3,103
Purchased Services	4,300	3,117	1,183
Materials and Supplies	85,300	81,539	3,761
Capital Outlay	5,000	276	4,724
Other	100	48	52
<i>Total Expenditures</i>	<u>234,383</u>	<u>212,576</u>	<u>21,807</u>
Excess of Revenues Under Expenditures	<u>(60,653)</u>	<u>(33,016)</u>	<u>27,637</u>
Other Financing Sources:			
Transfers In	<u>75,000</u>	<u>75,000</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Net Change in Fund Balance	14,347	41,984	27,637
Fund Balance at Beginning of Year	<u>385,272</u>	<u>385,272</u>	<u>0</u>
Fund Balance at End of Year	<u>\$399,619</u>	<u>\$427,256</u>	<u>\$27,637</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$62,819	\$62,995	\$176
Tuition and Fees	84,630	88,495	3,865
Miscellaneous	17	17	0
<i>Total Revenues</i>	<u>147,466</u>	<u>151,507</u>	<u>4,041</u>
Expenditures:			
Current:			
Instruction:			
Adult/Continuing:			
Salaries and Wages	93,130	75,923	17,207
Fringe Benefits	21,493	11,960	9,533
Purchased Services	19,250	10,287	8,963
Materials and Supplies	46,385	27,309	19,076
Capital Outlay	4,500	0	4,500
Total Instruction	<u>184,758</u>	<u>125,479</u>	<u>59,279</u>
Support Services:			
Administration:			
Salaries and Wages	39,750	23,818	15,932
Fringe Benefits	32,195	23,275	8,920
Purchased Services	750	228	522
Materials and Supplies	1,000	12	988
Capital Outlay	750	0	750
Total Administration	<u>74,445</u>	<u>47,333</u>	<u>27,112</u>
Business:			
Other	<u>550</u>	<u>379</u>	<u>171</u>
Total Support Services	<u>74,995</u>	<u>47,712</u>	<u>27,283</u>
<i>Total Expenditures</i>	<u>259,753</u>	<u>173,191</u>	<u>86,562</u>
Excess of Revenues Under Expenditures	(112,287)	(21,684)	90,603
Other Financing Sources:			
Transfers In	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Net Change in Fund Balance	(57,287)	33,316	90,603
Fund Balance at Beginning of Year	638,092	638,092	0
Prior Year Encumbrances Appropriated	<u>1,885</u>	<u>1,885</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$582,690</u></u>	<u><u>\$673,293</u></u>	<u><u>\$90,603</u></u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Renewed Opportunity Fund
For the Fiscal Year Ended June 30, 2016*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$39,706	\$39,706	\$0
Customer Sales and Services	9,700	9,700	0
Miscellaneous	6	6	0
Total Revenues	49,412	49,412	0
Expenditures:			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	2,500	2,200	300
Fringe Benefits	390	340	50
Materials and Supplies	9,853	7,931	1,922
Total Instruction	12,743	10,471	2,272
Support Services:			
Pupils:			
Salaries and Wages	33,641	26,100	7,541
Fringe Benefits	6,501	4,607	1,894
Purchased Services	12,263	7,212	5,051
Materials and Supplies	1,100	1,008	92
Total Pupils	53,505	38,927	14,578
Pupil Transportation:			
Salaries and Wages	249	249	0
Fringe Benefits	45	39	6
Total Pupil Transportation	294	288	6
Total Support Services	53,799	39,215	14,584
Intergovernmental:			
Other	2,500	0	2,500
Total Expenditures	69,042	49,686	19,356
Net Change in Fund Balance	(19,630)	(274)	19,356
Fund Balance at Beginning of Year	84,210	84,210	0
Fund Balance at End of Year	\$64,580	\$83,936	\$19,356

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Educational Management Information Systems Fund
For the Fiscal Year Ended June 30, 2016*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Support Services:			
Central:			
Purchased Services	49	15	34
Net Change in Fund Balance	(49)	(15)	34
Fund Balance at Beginning of Year	51	51	0
Fund Balance at End of Year	<u>\$2</u>	<u>\$36</u>	<u>\$34</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL

*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OneNet Fund
For the Fiscal Year Ended June 30, 2016*

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Technical Preparation Grant Fund
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$4,000	\$1,677	(\$2,323)
Expenditures:			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	2,000	2,000	0
Fringe Benefits	323	312	11
Purchased Services	1,677	1,677	0
Capital Outlay	22,316	22,316	0
<i>Total Expenditures</i>	26,316	26,305	11
Excess of Revenues Under Expenditures	(22,316)	(24,628)	(2,312)
Other Financing Sources:			
Advances In	0	2,323	2,323
Net Change in Fund Balance	(22,316)	(22,305)	11
Fund Balance at Beginning of Year	22,316	22,316	0
Fund Balance at End of Year	\$0	\$11	\$11

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
VEPD Grant Fund
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$135,796	\$100,796	(\$35,000)
Miscellaneous	18	18	0
<i>Total Revenues</i>	<u>135,814</u>	<u>100,814</u>	<u>(35,000)</u>
Expenditures:			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	22,400	22,202	198
Fringe Benefits	4,124	3,459	665
Purchased Services	6,950	6,950	0
Capital Outlay	3,700	3,646	54
Total Vocational	<u>37,174</u>	<u>36,257</u>	<u>917</u>
Support Services:			
Pupils:			
Salaries and Wages	69,991	66,140	3,851
Fringe Benefits	28,569	25,773	2,796
Purchased Services	135	135	0
Total Pupils	<u>98,695</u>	<u>92,048</u>	<u>6,647</u>
<i>Total Expenditures</i>	<u>135,869</u>	<u>128,305</u>	<u>7,564</u>
Excess of Revenues Under Expenditures	(55)	(27,491)	(27,436)
Other Financing Sources:			
Advances In	0	35,000	35,000
Net Change in Fund Balance	(55)	7,509	7,564
Fund Balance at Beginning of Year	704	704	0
Fund Balance at End of Year	<u>\$649</u>	<u>\$8,213</u>	<u>\$7,564</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Improving Teacher Quality Fund
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$1,004	\$904	(\$100)
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	1,004	1,004	0
Excess of Revenues Under Expenditures	0	(100)	(100)
Other Financing Sources:			
Advances In	0	110	110
Net Change in Fund Balance	0	10	10
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$10</u>	<u>\$10</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$51,316	\$51,316	\$0
Expenditures:			
Current:			
Instruction:			
Vocational:			
Capital Outlay	51,316	51,316	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

STATISTICAL SECTION

Statistical Section

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

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

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

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SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2007 (1)</u>	<u>2008</u>	<u>2009 (2)</u>	<u>2010</u>
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$10,389,846	\$10,258,114	\$10,713,407	\$11,273,914
Restricted for:				
Debt Service	0	183,045	0	0
Capital Outlay	1,933,301	1,999,209	2,314,245	1,978,126
Food Service	307,719	324,745	326,565	333,642
Adult Education	626,287	643,793	590,832	574,574
Classroom Facilities	0	0	776,650	889,839
Other Purposes	566,063	831,831	253,149	256,845
Set-Asides	20,297	20,297	20,297	20,297
Unrestricted (Deficit)	<u>3,170,547</u>	<u>3,175,540</u>	<u>2,828,394</u>	<u>2,486,660</u>
<i>Total Governmental Activities Net Position</i>	<u>17,014,060</u>	<u>17,436,574</u>	<u>17,823,539</u>	<u>17,813,897</u>
Net Investment in Capital Assets	10,389,846	10,258,114	10,713,407	11,273,914
Restricted	3,453,667	4,002,920	4,281,738	4,053,323
Unrestricted	<u>3,170,547</u>	<u>3,175,540</u>	<u>2,828,394</u>	<u>2,486,660</u>
<i>Total Net Position</i>	<u>\$17,014,060</u>	<u>\$17,436,574</u>	<u>\$17,823,539</u>	<u>\$17,813,897</u>

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

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

Note: The School District implemented GASB 68 in fiscal year 2015.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$11,453,323	\$11,152,795	\$10,920,884	\$10,799,227	\$10,433,001	\$10,592,962
0	0	0	0	0	0
1,826,476	1,913,155	1,762,821	1,291,857	1,939,605	1,969,956
346,944	366,860	360,187	382,291	381,325	434,209
559,411	547,840	551,272	607,718	630,819	667,601
947,346	1,023,516	1,128,924	1,230,377	1,323,268	1,427,634
260,954	114,341	105,267	119,828	118,822	105,857
20,297	20,297	20,297	20,297	20,297	20,297
2,718,306	3,404,200	4,004,277	(2,430,324)	(1,789,126)	(1,307,601)
<u>18,133,057</u>	<u>18,543,004</u>	<u>18,853,929</u>	<u>12,021,271</u>	<u>13,058,011</u>	<u>13,910,915</u>
11,453,323	11,152,795	10,920,884	10,799,227	10,433,001	10,592,962
3,961,428	3,986,009	3,928,768	3,652,368	4,414,136	4,625,554
2,718,306	3,404,200	4,004,277	(2,430,324)	(1,789,126)	(1,307,601)
<u>\$18,133,057</u>	<u>\$18,543,004</u>	<u>\$18,853,929</u>	<u>\$12,021,271</u>	<u>\$13,058,011</u>	<u>\$13,910,915</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Instruction:				
Regular	\$229,212	\$258,274	\$237,367	\$181,620
Special	92,471	99,804	32,077	21,411
Vocational	3,679,851	3,401,204	3,816,451	3,804,402
Adult/Continuing	121,791	129,394	185,832	143,751
Support Services:				
Pupils	276,924	239,903	368,491	465,322
Instructional Staff	185,025	226,676	209,203	204,486
Board of Education	38,179	49,124	45,910	39,158
Administration	609,569	589,615	616,272	638,304
Fiscal	376,687	381,826	382,329	380,855
Business	56,884	62,111	17,642	5,428
Operation and Maintenance of Plant	498,088	500,889	566,361	536,054
Pupil Transportation	41,761	43,388	29,351	41,339
Central	40,825	42,150	41,162	41,114
Operation of Non-Instructional Services:				
Food Service Operations	233,613	265,141	277,097	296,061
Extracurricular Activities	7,496	9,949	5,149	10,728
Interest and Fiscal Charges	139,206	89,214	28,234	47,875
Total Governmental Activities Expenses	6,627,582	6,388,662	6,858,928	6,857,908
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
Instruction:				
Regular	10,280	2,936	3,519	300
Vocational	79,631	35,628	83,129	72,632
Adult/Continuing	50,236	63,410	74,053	72,220
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	50,236	63,410	51,469	50,196
Business	29,678	31,088	18,360	10,575
Operation and Maintenance of Plant	0	591	550	876
Operation of Non-Instructional Services	86,193	93,131	98,572	91,852
Extracurricular Activities	230	986	0	0
Operating Grants, Contributions and Interest	1,530,015	1,423,710	1,456,336	1,460,730
Capital Grants, Contributions and Interest	0	0	0	7,500
Total Governmental Activities Program Revenues	1,836,499	1,714,890	1,785,988	1,766,881
Net (Expense)/Revenue				
Governmental Activities	<u>(4,791,083)</u>	<u>(4,673,772)</u>	<u>(5,072,940)</u>	<u>(5,091,027)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	1,729,569	1,547,502	1,685,650	1,576,060
Debt Service	560,504	183,045	0	0
Other Purposes	0	0	0	0
Capital Outlay	71,826	372,925	624,312	578,934
Grants and Entitlements not				
Restricted to Specific Programs	2,424,552	2,572,144	2,602,104	2,758,836
Investment Earnings	490,975	416,710	317,305	161,092
Contributions and Donations	0	0	23	0
Gain on Sale of Capital Assets	0	0	0	432
Miscellaneous	53,827	3,960	2,663	6,031
Total Governmental Activities	5,331,253	5,096,286	5,232,057	5,081,385
Special Item - Loss on Disposal of Capital Assets	<u>(1,493,104)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position				
Governmental Activities	<u>(\$952,934)</u>	<u>\$422,514</u>	<u>\$159,117</u>	<u>(\$9,642)</u>

Note: The School District implemented GASB68 in fiscal year 2015.

2011	2012	2013	2014	2015	2016
\$57,291	\$152,860	\$159,402	\$163,092	\$169,307	\$185,388
6,026	36,354	4,253	4,379	4,415	4,657
3,996,183	3,339,083	3,489,180	3,724,006	3,330,919	3,244,314
131,893	136,322	112,956	111,592	116,371	125,953
479,865	529,312	522,683	516,380	516,671	626,478
137,404	102,743	105,313	39,359	154,233	144,622
43,055	33,941	37,359	70,225	80,301	79,699
641,907	631,008	636,988	620,411	599,256	653,234
378,024	372,494	395,409	394,736	397,667	409,053
5,259	4,285	5,592	5,376	5,156	6,963
366,483	583,300	555,620	562,140	554,457	588,726
30,566	42,481	32,688	40,019	42,859	81,426
62,842	55,466	42,520	41,146	28,544	33,370
257,863	215,020	219,612	222,200	262,717	273,821
9,560	8,879	8,948	8,167	10,472	7,637
25,995	26,067	25,923	83,373	66,671	60,286
6,630,216	6,269,615	6,354,446	6,606,601	6,340,016	6,525,627
331	110,104	110,291	250,204	337,450	434,585
66,616	0	165	0	0	1,935
60,023	46,730	29,950	62,349	77,180	63,425
0	0	335	0	0	7,765
0	0	0	0	70	0
64,485	54,641	43,401	38,839	33,409	24,872
195	128	156	53	101	198
899	334	1,305	22,367	52,865	53,300
80,997	82,285	82,444	67,559	76,520	88,363
0	0	0	0	0	0
1,477,853	1,488,410	1,419,059	1,204,230	1,244,896	1,725,831
0	0	0	0	0	0
1,751,399	1,782,632	1,687,106	1,645,601	1,822,491	2,400,274
(4,878,817)	(4,486,983)	(4,667,340)	(4,961,000)	(4,517,525)	(4,125,353)
1,694,364	1,643,652	1,736,555	1,787,398	1,812,733	1,699,741
0	0	0	0	0	0
157,500	157,500	157,500	157,500	157,500	157,500
471,900	451,520	474,821	486,077	504,228	437,869
2,755,127	2,564,226	2,503,724	2,610,795	2,975,484	2,509,346
115,320	75,298	80,313	78,205	88,813	163,865
0	843	90	0	50	0
0	0	0	0	0	0
3,766	3,891	25,262	22,822	15,457	9,936
5,197,977	4,896,930	4,978,265	5,142,797	5,554,265	4,978,257
0	0	0	0	0	0
\$319,160	\$409,947	\$310,925	\$181,797	\$1,036,740	\$852,904

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Program Revenues by Function, Governmental Activities

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<i>Governmental Activities</i>				
Instruction:				
Regular	\$10,280	\$4,616	\$3,519	\$300
Special	0	0	175,078	165,032
Vocational	1,261,868	1,140,327	1,040,134	1,042,054
Adult/Continuing	89,512	99,082	111,165	101,999
Support Services:				
Pupils	156,012	133,467	148,932	149,687
Instructional Staff	20,022	11,617	9,563	8,157
Administration	89,512	99,081	77,263	80,565
Business	29,678	31,088	18,471	10,607
Operation and Maintenance of Plant	1,200	2,783	550	8,376
Pupil Transportation	4,530	3,288	1,472	0
Central	5,000	5,000	5,000	5,000
Operation of Non-Instructional Services	168,655	183,555	194,841	195,104
Extracurricular Activities	230	986	0	0
<i>Total Program Revenues</i>	<u><u>\$1,836,499</u></u>	<u><u>\$1,714,890</u></u>	<u><u>\$1,785,988</u></u>	<u><u>\$1,766,881</u></u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$331	\$110,104	\$110,291	\$250,374	\$337,450	\$434,585
147,190	147,190	147,190	184,345	239,148	315,650
1,066,208	1,043,241	998,305	760,206	721,002	1,105,951
90,847	76,462	53,527	104,481	124,903	108,574
151,113	126,569	113,697	121,079	120,903	139,214
8,490	7,579	4,201	3,324	2,944	2,804
97,601	89,406	77,565	65,084	54,066	42,577
295	209	279	89	163	339
899	334	1,305	22,367	52,865	53,300
0	0	0	0	457	0
5,000	0	0	0	0	0
183,425	181,538	180,746	134,252	168,570	197,280
0	0	0	0	0	0
<u>\$1,751,399</u>	<u>\$1,782,632</u>	<u>\$1,687,106</u>	<u>\$1,645,601</u>	<u>\$1,822,471</u>	<u>\$2,400,274</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

	<u>2007</u>	<u>2008</u>	<u>2009 (1)</u>	<u>2010 (2)</u>
General Fund				
Reserved	\$764,760	\$759,786	\$607,520	\$0
Unreserved	2,564,833	2,717,764	2,548,635	0
Nonspendable	0	0	0	261,828
Restricted	0	0	0	0
Committed	0	0	0	332,892
Assigned	0	0	0	0
Unassigned	0	0	0	2,410,365
<i>Total General Fund</i>	<u>3,329,593</u>	<u>3,477,550</u>	<u>3,156,155</u>	<u>3,005,085</u>
All Other Governmental Funds				
Reserved	1,353,518	384,829	196,433	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,485,255	1,731,936	1,928,176	0
Debt Service Fund	0	183,045	0	0
Capital Projects Funds	821,094	2,806,175	3,316,853	0
Nonspendable	0	0	0	8,609
Restricted	0	0	0	5,033,698
Unassigned (Deficit)	0	0	0	0
<i>Total All Other Governmental Funds</i>	<u>3,659,867</u>	<u>5,105,985</u>	<u>5,441,462</u>	<u>5,042,307</u>
<i>Total Governmental Funds</i>	<u><u>\$6,989,460</u></u>	<u><u>\$8,583,535</u></u>	<u><u>\$8,597,617</u></u>	<u><u>\$8,047,392</u></u>

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

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
264,130	204,367	207,426	209,963	208,690	208,198
0	0	20,297	20,297	20,297	20,297
173,474	182,435	323,401	323,492	321,692	380,675
66,402	88,520	116,652	100,761	112,018	150,245
<u>2,658,281</u>	<u>3,170,458</u>	<u>3,626,998</u>	<u>4,119,226</u>	<u>4,643,259</u>	<u>4,967,297</u>
<u>3,162,287</u>	<u>3,645,780</u>	<u>4,294,774</u>	<u>4,773,739</u>	<u>5,305,956</u>	<u>5,726,712</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,314	2,298	1,757	1,905	1,905	1,905
4,999,848	4,995,532	4,252,923	3,835,449	4,344,795	4,549,863
<u>(30,030)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(136)</u>
<u>4,972,132</u>	<u>4,997,830</u>	<u>4,254,680</u>	<u>3,837,354</u>	<u>4,346,700</u>	<u>4,551,632</u>
<u>\$8,134,419</u>	<u>\$8,643,610</u>	<u>\$8,549,454</u>	<u>\$8,611,093</u>	<u>\$9,652,656</u>	<u>\$10,278,344</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Changes in Fund Balances

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010
Revenues				
Property Taxes	\$2,277,227	\$2,184,977	\$2,292,186	\$2,158,783
Intergovernmental	8,063,662	3,947,517	4,094,701	4,210,829
Investment Earnings	535,112	384,132	352,596	156,289
Tuition and Fees	139,930	160,508	144,670	132,991
Rent	0	591	550	876
Extracurricular Activities	230	986	0	0
Customer Sales and Services	166,324	129,095	184,432	164,784
Contributions and Donations	0	1,000	23	7,665
Miscellaneous	53,827	3,960	2,663	6,031
Total Revenues	11,236,312	6,812,766	7,071,821	6,838,248
Expenditures				
Current:				
Instruction:				
Regular	247,770	256,277	235,772	183,210
Special	89,120	96,749	29,250	19,533
Vocational	3,239,157	2,964,215	3,614,713	3,671,523
Adult/Continuing	120,405	129,421	188,290	142,655
Support Services:				
Pupils	256,849	227,206	356,036	453,373
Instructional Staff	163,412	210,574	203,977	202,249
Board of Education	37,938	48,883	45,750	39,025
Administration	539,251	589,050	605,068	643,374
Fiscal	413,443	372,948	361,225	411,034
Business	56,884	62,111	17,642	5,428
Operation and Maintenance of Plant	470,457	480,456	552,832	536,747
Pupil Transportation	39,842	41,598	51,573	37,107
Central	39,822	41,283	41,016	41,036
Operation of Non-Instructional Services	216,972	247,569	341,669	311,269
Extracurricular Activities	7,496	9,949	5,149	10,728
Capital Outlay	8,043,543	681,722	424,236	403,242
Debt Service:				
Principal	497,543	2,138,123	197,747	205,457
Interest and Fiscal Charges	139,206	89,214	25,996	25,995
Total Expenditures	14,619,110	8,687,348	7,297,941	7,342,985
Excess of Revenues Over (Under) Expenditures	(3,382,798)	(1,874,582)	(226,120)	(504,737)
Other Financing Sources (Uses)				
Tax Anticipation Notes Issued	0	0	0	0
Proceeds from Lease	0	3,465,997	0	0
Proceeds from Sale of Capital Assets	9,589	2,660	12,354	3,415
Transfers In	456,131	477,390	296,500	341,315
Transfers Out	(456,131)	(477,390)	(296,500)	(341,315)
Inception of Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	9,589	3,468,657	12,354	3,415
Net Change in Fund Balances	(\$3,373,209)	\$1,594,075	(\$213,766)	(\$501,322)
Debt Service as a Percentage of Noncapital Expenditures	9.7%	27.8%	3.3%	3.3%

2011	2012	2013	2014	2015	2016
\$2,313,887	\$2,250,904	\$2,352,213	\$2,415,676	\$2,478,525	\$2,275,158
4,188,961	4,093,396	3,918,647	3,803,719	4,228,849	4,226,112
144,960	71,088	125,022	74,635	95,490	162,963
134,985	117,504	85,933	261,999	287,134	384,707
899	334	1,305	22,367	52,865	53,300
0	0	0	0	0	0
137,662	176,384	180,809	157,005	237,596	236,436
54	1,143	90	170	50	0
3,766	3,891	25,262	22,822	15,457	9,936
<u>6,925,174</u>	<u>6,714,644</u>	<u>6,689,281</u>	<u>6,758,393</u>	<u>7,395,966</u>	<u>7,348,612</u>
161,949	141,918	143,895	146,010	158,882	171,112
1,876	0	0	0	0	0
3,646,856	3,115,819	2,956,946	3,099,298	2,919,331	2,849,747
131,838	133,160	110,828	109,378	115,497	127,610
463,416	502,512	508,742	499,089	517,104	613,023
135,283	100,489	102,259	36,108	133,608	138,977
42,922	33,808	37,226	55,273	37,196	36,676
697,582	613,394	596,130	630,082	601,136	649,861
364,758	363,043	385,841	381,710	391,473	396,843
5,259	4,285	5,592	5,376	5,156	6,938
562,713	546,827	520,692	525,213	525,486	549,372
26,334	38,995	30,246	37,577	41,147	75,854
62,764	55,388	42,443	41,068	28,466	33,292
260,316	182,748	187,009	191,765	234,407	243,100
9,560	8,879	8,948	8,167	10,472	7,637
91,205	121,465	897,003	2,433,356	138,472	319,437
213,528	221,978	230,825	418,135	448,167	447,806
25,995	25,995	25,995	79,149	70,014	60,323
<u>6,904,154</u>	<u>6,210,703</u>	<u>6,790,620</u>	<u>8,696,754</u>	<u>6,376,014</u>	<u>6,727,608</u>
<u>21,020</u>	<u>503,941</u>	<u>(101,339)</u>	<u>(1,938,361)</u>	<u>1,019,952</u>	<u>621,004</u>
0	0	0	2,000,000	0	0
0	0	0	0	0	0
17,104	5,250	7,183	0	21,611	4,684
120,000	125,000	110,000	135,000	40,124	130,000
(120,000)	(125,000)	(110,000)	(135,000)	(40,124)	(130,000)
0	0	0	0	0	0
<u>17,104</u>	<u>5,250</u>	<u>7,183</u>	<u>2,000,000</u>	<u>21,611</u>	<u>4,684</u>
<u>\$38,124</u>	<u>\$509,191</u>	<u>(\$94,156)</u>	<u>\$61,639</u>	<u>\$1,041,563</u>	<u>\$625,688</u>
3.5%	4.1%	4.4%	7.9%	8.3%	7.9%

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
2007	\$631,795,500	\$64,478,580	\$1,989,354,514	\$32,590,390	\$40,737,988
2008	641,867,610	64,133,290	2,017,145,429	31,647,450	39,559,313
2009	652,578,070	65,877,200	2,052,729,343	32,343,540	40,429,425
2010	687,771,430	66,869,190	2,156,116,057	37,543,190	46,928,988
2011	690,988,760	66,056,580	2,162,986,686	40,091,590	50,114,488
2012	693,949,090	65,050,530	2,168,570,343	42,131,110	52,663,888
2013	680,313,300	67,713,150	2,137,218,429	42,636,310	53,295,388
2014	684,468,060	67,991,900	2,149,885,600	46,175,600	57,719,500
2015	688,713,820	65,487,790	2,154,861,743	47,497,570	59,371,963
2016	777,254,090	66,371,710	2,410,359,429	46,851,370	58,564,213

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax has been phased out. The assessment percentage was 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, except telephone companies whose last year to pay tangible personal property tax is 2010. The percentages for telecommunications are 10.0 percent for 2009, 5.0 percent for 2010, and zero for 2011.

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 rollback, 2 1/2 percent rollback, and homestead exemption before being billed.

Source: State of Ohio Department of Taxation

Tangible Personal Property		Total			Weighted Average Tax Rate
General Business		Assessed	Estimated	Ratio	
Assessed Value	Actual Value	Value	Actual Value		
\$17,096,520	\$136,772,160	\$745,960,990	\$2,166,864,662	34.43%	\$3.33
8,293,196	132,691,136	745,941,546	2,189,395,878	34.07%	3.29
1,715,740	27,451,840	752,514,550	2,120,610,608	35.49%	3.26
857,870	13,725,920	793,041,680	2,216,770,965	35.77%	3.27
0	0	797,136,930	2,213,101,174	36.02%	3.27
0	0	801,130,730	2,221,234,231	36.05%	3.28
0	0	790,662,760	2,190,513,816	36.11%	3.29
0	0	798,635,560	2,207,605,100	36.18%	3.29
0	0	801,699,180	2,214,233,705	36.21%	3.30
0	0	890,477,170	2,468,923,642	36.07%	3.28

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

Direct and Overlapping Governments

Last Ten Collection (Calendar) Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Voted Millage				
Operating	5.40	5.40	5.40	5.40
2005 Continuous Permanent Improvement	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Total School District Millage	<u><u>6.40</u></u>	<u><u>6.40</u></u>	<u><u>6.40</u></u>	<u><u>6.40</u></u>
Weighted Average	<u><u>3.33</u></u>	<u><u>3.29</u></u>	<u><u>3.26</u></u>	<u><u>3.27</u></u>
Overlapping Rates by Taxing District				
County Units	1.00 - 4.35	1.00 - 4.35	1.00 - 4.35	1.00 - 4.35
School Districts	23.00 - 40.20	23.00 - 40.20	22.75 - 40.20	22.75 - 40.20
Corporations	0.50 - 21.90	0.50 - 21.90	0.50 - 21.90	0.50 - 18.10
Townships	1.80 - 8.50	1.80 - 8.50	1.80 - 8.50	1.05 - 8.50
Other Units				
Library	0.50	0.50	0.35	0.35
Mental Health (Highland County)	1.00	1.00	1.00	1.00

Source: Brown County Auditor and Ohio Department of Taxation

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

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
5.40	5.40	5.40	5.40	5.40	5.40
<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
<u>6.40</u>	<u>6.40</u>	<u>6.40</u>	<u>6.40</u>	<u>6.40</u>	<u>6.40</u>
<u>3.27</u>	<u>3.28</u>	<u>3.29</u>	<u>3.29</u>	<u>3.30</u>	<u>3.28</u>
1.00 - 4.35	1.00 - 4.35	1.00 - 4.35	1.00 - 4.35	1.00 - 4.35	0.80 - 3.80
22.75 - 39.80	22.75 - 39.80	22.90 - 39.70	23.00 - 39.70	23.00 - 39.70	23.00 - 48.58
0.50 - 18.10	0.50 - 18.10	0.50 - 18.10	0.00 - 18.10	0.00 - 18.10	0.50 - 5.00
1.05 - 8.50	1.05 - 8.00	1.05 - 8.00	1.05 - 8.00	1.05 - 8.00	0.10 - 3.00
0.35	0.35	0.35	0.35	0.50	0.50
<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Property Tax Levies and Collections (1)

Last Ten Collection (Calendar) Years (2)

Collection Year	Current Tax Levy (2)	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections (3)	Percent of Total Tax Collections to Current Tax Levy
2007	\$2,482,873	\$1,967,970	79.26%	\$147,551	\$2,115,521	85.20%
2008	2,207,931	1,775,805	80.43	134,063	1,909,868	86.50
2009	2,359,488	1,797,396	76.18	127,624	1,925,020	81.59
2010	2,251,090	1,812,405	80.51	156,282	1,968,687	87.45
2011	2,011,064	1,771,843	88.10	170,632	1,942,475	96.59
2012	1,997,126	1,754,995	87.88	173,187	1,928,182	96.55
2013	2,077,614	1,829,727	88.07	180,174	2,009,901	96.74
2014	2,119,483	2,010,106	94.84	155,021	2,165,127	102.15
2015	2,310,425	1,949,524	84.38	127,543	2,077,067	89.90
2016	1,999,785	1,901,397	95.08	137,997	2,039,394	101.98

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Principal Real and Personal Property Tax Payers
2016 and 2007 (Calendar Years)

Name of Taxpayer	2016	
	Assessed Value	Percent of Real and Personal Property Assessed Value
Duke Energy	\$23,153,232	2.60%
Gateway to Mt. Orab	3,638,200	0.41%
Davon Incorporated	3,616,800	0.41%
Southwest Healthcare	2,978,260	0.33%
Gerijo Incorporated	2,623,688	0.29%
Ripley Federal Savings	2,429,028	0.27%
Ohio Valley Manor	2,222,980	0.25%
Kroger Limited Partnership	1,821,160	0.20%
LAH Property Enterprise	1,626,600	0.18%
Cincinnati Milacron	1,458,270	0.16%
Totals	<u>\$45,568,218</u>	<u>5.10%</u>
Total Assessed Valuation	<u>\$890,477,170</u>	<u>100.00%</u>

Name of Taxpayer	2007	
	Assessed Value	Percent of Real and Personal Property Assessed Value
Kroger Limited Partnership	\$5,655,485	0.76%
Ohio Valley Manor	5,305,971	0.71%
Mac Tool, Inc.	5,158,914	0.69%
Cincinnati Milacron	4,805,114	0.64%
Reyton Georgetown	3,265,942	0.44%
Ripley Federal Savings	2,564,542	0.34%
Crout Properties, LTD	2,229,571	0.30%
Brown County Industrial	1,971,228	0.26%
AHE of Ohio, Inc.	1,920,142	0.26%
David Realty Group	1,827,257	0.25%
Totals	<u>\$34,704,166</u>	<u>4.65%</u>
Total Assessed Valuation	<u>\$745,960,990</u>	<u>100.00%</u>

Source: Brown County Auditor.

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

Fiscal Year	Population (1)	Personal Income (2)	Facility Improvement and Equipment Replacement Loan	Tax Anticipation Note	Capital Lease
2007	42,104	\$735,009,528	\$433,334	\$0	\$2,104,790
2008	42,104	735,009,528	400,001	0	3,465,997
2009	42,104	735,009,528	366,668	0	3,301,583
2010	42,104	735,009,528	333,335	0	3,129,459
2011	44,846	896,426,694	300,002	0	2,949,264
2012	44,846	904,409,282	266,669	0	2,760,619
2013	44,846	904,409,282	233,336	0	2,563,127
2014	44,846	904,409,282	200,003	1,821,951	2,356,374
2015	44,846	904,409,282	166,670	1,623,566	2,139,925
2016	44,846	904,409,282	133,333	1,435,696	1,913,326

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

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

The School District has no bonded debt.

General Debt

Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt Per Capita	Percentage of Personal Income
\$2,538,124	0.15%	\$60.28	0.35%
3,865,998	0.18%	91.82	0.53
3,668,251	0.17%	87.12	0.50
3,462,794	0.16%	82.24	0.47
3,249,266	0.15%	72.45	0.36
3,027,288	0.14%	67.50	0.34
2,796,463	0.13%	62.36	0.34
4,378,328	0.20%	97.63	0.48
3,930,161	0.18%	87.64	0.43
3,482,355	0.14%	77.65	0.39

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Legal Debt Margin
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009 (3)</u>	<u>2010</u>
Assessed Valuation (1)	\$745,960,990	\$745,941,546	\$752,514,550	\$793,041,680
Less:				
General Business Personal Property	(17,096,520)	(8,293,196)	(1,715,740)	(857,870)
Railroad and Telephone Tangible Property	<u>(4,963,690)</u>	<u>(3,409,670)</u>	<u>(1,275,440)</u>	<u>(224,730)</u>
Total Assessed Valuation used to calculate Legal Debt Margin	<u>\$723,900,780</u>	<u>\$734,238,680</u>	<u>\$749,523,370</u>	<u>\$791,959,080</u>
Debt Limit - 9% of Assessed Value (2)	\$65,151,070	\$66,081,481	\$67,457,103	\$71,276,317
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$65,151,070</u>	<u>\$66,081,481</u>	<u>\$67,457,103</u>	<u>\$71,276,317</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Assessed Value (2)	\$723,901	\$734,239	\$749,523	\$791,959
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$723,901</u>	<u>\$734,239</u>	<u>\$749,523</u>	<u>\$791,959</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Ohio Department of Taxation and School District Financial Records

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$797,136,930	\$801,130,730	\$790,662,760	\$798,635,560	\$801,699,180	\$890,477,170
0	0	0	0	0	0
<u>(220,830)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$796,916,100</u>	<u>\$801,130,730</u>	<u>\$790,662,760</u>	<u>\$798,635,560</u>	<u>\$801,699,180</u>	<u>\$890,477,170</u>
\$71,722,449	\$72,101,766	\$71,159,648	\$71,877,200	\$72,152,926	\$80,142,945
0	0	0	0	0	0
<u>\$71,722,449</u>	<u>\$72,101,766</u>	<u>\$71,159,648</u>	<u>\$71,877,200</u>	<u>\$72,152,926</u>	<u>\$80,142,945</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$796,916	\$801,131	\$790,663	\$798,636	\$801,699	\$890,477
0	0	0	0	0	0
<u>\$796,916</u>	<u>\$801,131</u>	<u>\$790,663</u>	<u>\$798,636</u>	<u>\$801,699</u>	<u>\$890,477</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, 2016

	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	\$133,333	100.00%	\$133,333
Tax Anticipation Notes	1,435,696	100.00	1,435,696
Capital Lease Obligation	1,913,326	100.00	1,913,326
Total Direct	3,482,355	100.00	3,482,355
Overlapping:			
Eastern Local School District			
General Obligation Bonds	5,854,999	100.00	5,854,999
Bright Local School District			
General Obligation Bonds	623,000	100.00	623,000
Fayetteville Perry Local School District			
General Obligation Bonds	5,834,997	100.00	5,834,997
Ripley Union Lewis Huntington Local School District			
General Obligation Bonds	720,211	100.00	720,211
Capital Lease Obligation	289,000	100.00	289,000
Western Brown Local School District			
General Obligation Bonds	2,525,782	100.00	2,525,782
Capital Lease Obligation	348,000	100.00	348,000
Georgetown Exempted Village School District			
General Obligation Bonds	3,239,996	100.00	3,239,996
Certificates of Participation	366,000	100.00	366,000
Total Overlapping	19,801,985		19,801,985
Total	\$23,284,340		\$23,284,340

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

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

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

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Median Household Income (4)</u>	<u>Brown County Unemployment Rate (5)</u>
2007	42,104	\$735,009,528	\$17,457	\$38,189	6.60%
2008	42,104	735,009,528	17,457	38,189	7.30
2009	42,104	735,009,528	17,457	38,189	13.70
2010	42,104	735,009,528	17,457	38,189	11.90
2011	44,846	896,426,694	19,989	44,796	10.40
2012	44,846	904,409,282	20,167	45,887	7.70
2013	44,846	904,409,282	20,167	46,865	7.40
2014	44,846	904,409,282	20,167	45,807	5.20
2015	44,846	904,409,282	20,167	46,984	5.10
2016	44,846	904,409,282	20,167	45,887	5.00

- Sources:
- (1) National Center for Education Statistics
2003 - 2010 from 2000 U.S. Census Data
2011 - 2014 from 2010 U.S. Census Data
Sum of Populations for all school districts within Southern Hills Joint Vocational School District
 - (2) Computation of Per Capita Personal Income multiplied by population
 - (3) National Center for Education Statistics
2003 - 2010 from 2000 U.S. Census Data
2011 - 2014 from 2010 U.S. Census Data
Average Per Capita Personal Income for all school districts within Southern Hills Joint Vocational School District
 - (4) National Center for Education Statistics
2003 - 2010 from 2000 U.S. Census Data
2011- 2014 from 2010 U.S. Census Data
Average Median Household Income for all school districts within Southern Hills Joint Vocational School District
 - (5) Bureau of Labor Statistics

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Principal Employers
2016 and 2007

2016				
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employees
Kroger	Retail Grocer	339	1	5.52 %
Western Brown Local School District	School	321	2	5.22
Brown County Government	Government	280	3	4.56
Cincinnati Milacron	Plastic Injection	249	4	4.05
Ohio Valley Manor	Health Care	240	5	3.91
Southern Ohio Veteran's Home	Healthcare	205	6	3.34
Mercy Mt. Orab	Health Care	187	7	3.04
Butterbees Restaurant	Restaurant	136	8	2.21
ATW Ohio, LLC	Trailers	107	9	1.74
Health Source of Ohio	Health Care	115	10	1.87
Total Employees from Top Ten Employers		2,179		35.46
All Other Employers		3,966		64.54
Total Employees		6,145		100.00 %

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	
HawlineNevada	Farm Implements	110	9	
Rumpke	Waste Removal	107	10	
Total		2,030		

Source: Brown County Department of Economic Development

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Teacher to Student Ratio
Last Ten Fiscal Years

<u>Year</u>	<u>Average Number of Students per Teacher</u>
2007	10.7
2008	9.9
2009	10.4
2010	8.8
2011	10.6
2012	12.4
2013	13.5
2014	11.0
2015	12.9
2016	14.2

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

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

Southern Hills Joint Vocational School District

Employees by Function

Last Ten Fiscal Years

	2007	2008	2009	2010
<i>Governmental Activities</i>				
Instruction (1):				
Regular	2	2	2	2
Vocational	33	33	34	35
Adult/Continuing	3	3	3	3
Support Services:				
Pupils	4	4	4	4
Instructional Staff	1	1	1	1
Administration	5	5	5	5
Fiscal	3	3	3	3
Operation and Maintenance of Plant	5	5	5	5
Operation of Non-Instructional Services:				
Food Service Operations	4	4	4	4
<i>Total Number of Employees</i>	60	60	61	62

Source: Southern Hills Joint Vocational School District records

(1) Includes instructional aides

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
2	2	2	2	2	2
31	27	28	28	28	27
3	3	3	3	3	3
4	5	6	6	7	7
1	1	1	1	1	1
5	5	4	4	4	4
3	3	2	2	2	2
5	5	5	5	5	5
<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u>57</u>	<u>54</u>	<u>54</u>	<u>54</u>	<u>55</u>	<u>54</u>

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Staff Education, Experience and Teacher Salary Data

June 30, 2016

<u>Degree</u>	<u>Number of Staff</u>	<u>Percent of Total</u>	<u>Number of Teachers</u>	<u>Average Teacher's Salary</u>	<u>Salary Range</u>
Non-Degree	24	44.44%	8	\$58,086	\$41,372 - \$65,813
Bachelor's Degree	9	16.67%	5	45,232	37,370 - 57,798
Bachelor with 150 Hours	1	1.85%	1	38,855	38,855
Master's Degree	8	14.81%	6	59,200	47,985 - 70,414
Master's Degree + 18 Hours	12	22.23%	9	64,184	49,432 - 71,852
Total	<u>54</u>	<u>100.00%</u>	<u>29</u>		

<u>Years of Experience</u>	<u>Number of Staff</u>	<u>Percent of Total</u>
0-5	10	18.52%
6-10	7	12.96%
11 and over	37	68.52%
Total	<u>54</u>	<u>100.00%</u>

Source: Southern Hills Joint Vocational School District records

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

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

<u>Year</u>	<u>Percentage</u>
2007	34.92%
2008	38.85
2009	44.44
2010	48.80
2011	49.59
2012	47.59
2013	37.04
2014	46.99
2015	44.39
2016	49.73

Source: Ohio Department of Education

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

	2007	2008	2009	2010
Southern Hills Joint Vocational School				
Constructed Completed in 1975				
Total Building Square Footage	113,500	113,500	113,500	113,500
Total Enrollment (1)	286	286	312	325
Student Capacity	400	400	400	400
Power Equipment Mechanics/Agricultural Industrial				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	22	31	30	31
Students Who Graduated from Program	9	11	12	11
Cost of Program	\$91,449	\$91,235	\$139,974	\$176,595
Percentage of Students to Maximum Capacity of Program	44%	62%	60%	62%
Cost of Program Per Student	4,157	2,943	4,666	5,697
Square ft. of Program Space	5,953	5,953	5,953	5,953
Diversified Health Occupations				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	33	38	34	32
Students Who Graduated from Program	9	17	17	10
Cost of Program	\$90,476	\$96,341	\$99,375	\$114,434
Percentage of Students to Maximum Capacity of Program	66%	76%	68%	64%
Cost of Program Per Student	2,742	2,535	2,923	3,576
Square ft. of Program Space	2,141	2,141	2,141	2,141
Information Technology/Computer Systems				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	33	22	15	16
Students Who Graduated from Program	11	14	7	7
Cost of Program	\$95,728	\$79,691	\$116,531	\$94,146
Percentage of Students to Maximum Capacity of Program	66%	44%	30%	32%
Cost of Program Per Student	2,901	3,622	7,769	5,884
Square ft. of Program Space	2,254	2,254	2,254	2,254

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures.

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

2011	2012	2013	2014	2015	2016
113,500	113,500	113,500	113,500	113,500	113,500
312	338	338	340	328	328
400	400	400	400	400	400
50	50	50	50	50	50
35	37	37	44	41	39
12	20	17	18	23	17
\$150,365	\$113,650	\$139,764	\$276,228	\$166,429	\$135,766
70%	74%	74%	88%	82%	78%
4,296	3,072	3,777	6,278	4,059	3,481
5,953	5,953	5,953	5,953	5,953	5,953
50	50	50	50	50	50
34	33	30	27	29	26
15	15	15	12	11	13
\$98,048	\$107,749	\$93,778	\$86,737	\$100,694	\$140,787
68%	66%	60%	54%	58%	52%
2,884	3,265	3,126	3,212	3,472	5,415
2,141	2,141	2,141	2,141	2,141	2,141
50	50	50	50	50	50
25	30	29	24	34	33
4	16	12	13	11	19
\$118,245	\$105,487	\$124,771	\$99,122	\$105,867	\$128,763
50%	60%	58%	48%	68%	66%
4,730	3,516	4,302	4,130	3,114	3,902
2,254	2,254	2,254	2,254	2,254	2,254

(continued)

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

	2007	2008	2009	2010
Early Childhood Education				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	23	25	26	23
Students Who Graduated from Program	8	11	14	9
Cost of Program	\$106,964	\$102,759	\$137,554	\$115,426
Percentage of Students to Maximum Capacity of Program	46%	50%	52%	46%
Cost of Program Per Student	4,651	4,110	5,291	5,019
Square ft. of Program Space	2,853	2,853	2,853	2,853
Automobile Technology				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	36	40	33	34
Students Who Graduated from Program	17	15	14	17
Cost of Program	\$141,590	\$198,485	\$228,617	\$226,263
Percentage of Students to Maximum Capacity of Program	72%	80%	66%	68%
Cost of Program Per Student	3,933	4,962	6,928	6,655
Square ft. of Program Space	6,677	6,677	6,677	6,677
Carpentry				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	16	18	22	19
Students Who Graduated from Program	7	8	4	14
Cost of Program	\$118,770	\$112,423	\$109,086	\$160,574
Percentage of Students to Maximum Capacity of Program	32%	36%	44%	38%
Cost of Program Per Student	7,423	6,246	4,958	8,451
Square ft. of Program Space	5,569	5,569	5,569	5,569

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures.

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

n/o - Program not offered.

2011	2012	2013	2014	2015	2016
50	50	50	50	50	50
25	28	29	28	24	36
12	12	17	14	7	16
\$120,039	\$157,430	\$81,727	\$95,275	\$108,382	\$123,101
50%	56%	58%	56%	48%	72%
4,802	5,623	2,818	3,403	4,516	3,419
2,853	2,853	2,853	2,853	2,853	2,853
50	50	50	50	50	50
27	37	39	27	22	29
10	17	22	16	9	12
\$247,638	\$259,339	\$179,494	\$230,688	\$214,952	\$226,530
54%	74%	78%	54%	44%	58%
9,172	7,009	4,602	8,544	9,771	7,811
6,677	6,677	6,677	6,677	6,677	6,677
50	50	50	50	50	50
15	18	17	17	12	18
3	12	5	10	8	6
\$110,675	\$123,494	\$79,819	\$87,710	\$84,553	\$76,922
30%	36%	34%	34%	34%	34%
7,378	6,861	4,695	5,159	7,046	4,273
5,569	5,569	5,569	5,569	5,569	5,569

(continued)

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

	2007	2008	2009	2010
Welding				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	22	19	35	30
Students Who Graduated from Program	13	8	12	14
Cost of Program	\$122,163	\$122,679	\$274,715	\$377,028
Percentage of Students to Maximum Capacity of Program	44%	38%	70%	60%
Cost of Program Per Student	5,553	6,457	7,849	12,568
Square ft. of Program Space	9,273	9,273	9,273	9,273
Cosmotology				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	26	24	32	43
Students Who Graduated from Program	16	10	11	18
Cost of Program	\$155,139	\$155,752	\$172,459	\$177,625
Percentage of Students to Maximum Capacity of Program	52%	48%	64%	86%
Cost of Program Per Student	5,967	6,490	5,389	4,131
Square ft. of Program Space	2,746	2,746	2,746	2,746
Criminal Justice				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	13	21	21	25
Students Who Graduated from Program	4	9	9	10
Cost of Program	\$74,743	\$56,522	\$71,519	\$62,174
Percentage of Students to Maximum Capacity of Program	26%	42%	42%	50%
Cost of Program Per Student	5,749	2,692	3,406	2,487
Square ft. of Program Space	2,776	2,776	2,776	2,776
Graphics				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	42	31	29	36
Students Who Graduated from Program	18	17	16	9
Cost of Program	\$113,744	\$93,236	\$88,661	\$103,143
Percentage of Students to Maximum Capacity of Program	84%	62%	58%	72%
Cost of Program Per Student	2,708	3,008	3,057	2,865
Square ft. of Program Space	2,389	2,389	2,389	2,389

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures.

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

2011	2012	2013	2014	2015	2016
50	50	50	50	50	50
30	25	30	35	27	34
17	11	9	17	13	11
\$214,780	\$152,396	\$165,273	\$159,866	\$160,578	\$171,342
60%	50%	60%	70%	54%	68%
7,159	6,096	5,509	4,568	5,947	5,039
9,273	9,273	9,273	9,273	9,273	9,273
50	50	50	50	50	50
27	23	27	25	20	35
18	8	11	13	5	12
\$214,184	\$135,412	\$97,992	\$97,528	\$85,649	\$62,728
54%	46%	54%	50%	40%	70%
7,933	5,887	3,629	3,901	4,282	1,792
2,746	2,746	2,746	2,746	2,746	2,746
50	50	50	50	50	50
20	21	25	22	31	32
12	7	13	10	10	17
\$67,104	\$71,938	\$65,278	\$74,988	\$74,183	\$72,910
40%	42%	50%	44%	62%	64%
3,355	3,426	2,611	3,409	2,393	2,278
2,776	2,776	2,776	2,776	2,776	2,776
50	50	50	50	50	50
45	39	34	25	21	29
24	19	15	16	8	11
\$124,402	\$97,284	\$88,369	\$82,070	\$89,797	\$120,285
90%	78%	68%	50%	42%	58%
2,764	2,494	2,599	3,283	4,276	4,148
2,389	2,389	2,389	2,389	2,389	2,389

(continued)

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

	2007	2008	2009	2010
Business and Finance				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	20	17	20	19
Students Who Graduated from Program	11	15	10	8
Cost of Program	\$75,787	\$83,136	\$85,440	\$71,652
Percentage of Students to Maximum Capacity of Program	40%	34%	40%	38%
Cost of Program Per Student	3,789	4,890	4,272	3,771
Square ft. of Program Space	2,508	2,508	2,508	2,508
BioTech/Engineering				
Maximum Capacity of Program	n/o	n/o	n/o	n/o
Number of Students at End of Year (1)	n/o	n/o	n/o	n/o
Students Who Graduated from Program	n/o	n/o	n/o	n/o
Cost of Program	n/o	n/o	n/o	n/o
Percentage of Students to Maximum Capacity of Program	n/o	n/o	n/o	n/o
Cost of Program Per Student	n/o	n/o	n/o	n/o
Square ft. of Program Space	n/o	n/o	n/o	n/o
Sports Medicine				
Maximum Capacity of Program	n/o	n/o	50	50
Number of Students at End of Year (1)	n/o	n/o	15	12
Students Who Graduated from Program	n/o	n/o	4	3
Cost of Program	n/o	n/o	\$85,440	\$88,891
Percentage of Students to Maximum Capacity of Program	n/o	n/o	30%	24%
Cost of Program Per Student	n/o	n/o	5,696	7,408
Square ft. of Program Space	n/o	n/o	n/o	n/o
Culinary Arts				
Maximum Capacity of Program	n/o	n/o	n/o	n/o
Number of Students at End of Year (1)	n/o	n/o	n/o	n/o
Students Who Graduated from Program	n/o	n/o	n/o	n/o
Cost of Program	n/o	n/o	n/o	n/o
Percentage of Students to Maximum Capacity of Program	n/o	n/o	n/o	n/o
Cost of Program Per Student	n/o	n/o	n/o	n/o
Square ft. of Program Space	n/o	n/o	n/o	n/o

Source: Southern Hills Joint Vocational School District records

Cost of Program based on cash expenditures.

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

n/o - Program not offered.

2011	2012	2013	2014	2015	2016
50	50	50	50	n/o	n/o
12	15	20	16	n/o	n/o
7	4	10	9	n/o	n/o
\$81,601	\$80,251	\$78,849	\$95,092	n/o	n/o
24%	30%	40%	32%	n/o	n/o
6,800	5,350	3,942	5,943	n/o	n/o
2,508	2,508	2,508	2,508	n/o	n/o
n/o	50	50	50	50	50
n/o	9	18	14	9	4
n/o	3	8	8	4	4
n/o	\$69,288	\$175,287	\$107,084	\$112,052	\$105,497
n/o	18%	36%	28%	18%	8%
n/o	7,699	9,738	7,649	12,450	26,374
n/o	2,508	2,508	2,508	2,508	2,508
50	50	50	50	50	50
22	22	28	23	28	29
8	12	7	15	8	17
\$82,517	\$80,668	\$93,407	\$102,011	\$89,207	\$100,763
44%	44%	56%	46%	56%	58%
3,751	3,667	3,336	4,435	3,186	3,475
n/o	n/o	1,474	1,474	1,474	1,474
n/o	n/o	n/o	50	50	50
n/o	n/o	n/o	19	28	20
n/o	n/o	n/o	4	14	12
n/o	n/o	n/o	\$122,395	\$104,039	\$103,467
n/o	n/o	n/o	38%	56%	40%
n/o	n/o	n/o	6,442	3,716	5,173
n/o	n/o	n/o	3,229	3,229	3,229

SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT

Per Pupil Cost
Last Ten Fiscal Years

Fiscal Year	Average Daily Membership (1)	General Government		Governmental Activities	
		Total Expenditures (2)	Per Pupil Cost	Total Expenses (3)	Per Pupil Cost
2007	376	\$13,982,361	\$37,187	\$6,488,376	\$17,256
2008	346	6,460,011	18,671	6,299,448	18,206
2009	365	7,074,198	19,381	6,830,694	18,714
2010	325	7,111,533	21,882	6,810,033	20,954
2011	370	6,664,631	18,013	6,604,221	17,849
2012	384	5,962,730	15,528	6,243,548	16,259
2013	419	6,533,800	15,594	6,328,523	15,104
2014	340	8,199,470	24,116	6,523,228	19,186
2015	373	5,857,833	15,705	6,273,345	16,819
2016	412	6,219,479	15,096	6,465,341	15,693

Source: Southern Hills Joint Vocational School District Records

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

(2) Excludes debt service expenditures.

(3) Excludes interest and fiscal charges.



Dave Yost • Auditor of State

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

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 30, 2017**