



Certified Public Accountants, A.C.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT  
BROWN COUNTY  
Regular Audit  
For the Fiscal Year Ended June 30, 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Southern Hills Joint Vocational School District, Brown County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 4, 2019

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

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

December 28, 2018

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, 2018, 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 28, 2018, wherein we noted the School District adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

***Internal Control Over Financial Reporting***

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

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

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

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***Compliance and Other Matters***

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

***Purpose of this Report***

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



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



*SOUTHERN HILLS  
JOINT VOCATIONAL SCHOOL DISTRICT*

*GEORGETOWN, OHIO*

*COMPREHENSIVE ANNUAL  
FINANCIAL REPORT*

*FOR THE FISCAL YEAR ENDED JUNE 30, 2018*

Issued by:  
Treasurer's Office

Kari Barnes  
Treasurer

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# **INTRODUCTORY SECTION**

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***Southern Hills Joint Vocational School District***  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
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9231 Hamer Road  
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**Career Technical Center**  
9193 Hamer Road  
Georgetown, OH 45121  
Phone 937.378.6131  
Fax 937.378.4863

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[www.shctc.k12.oh.us](http://www.shctc.k12.oh.us)

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December 28, 2018

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, 2018. 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, 2018. 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.

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Serving Eastern, Fayetteville, Georgetown, Ripley, Western Brown and Whiteoak School Districts

## **FORMATION OF THE SCHOOL DISTRICT**

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

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

## **FORM OF GOVERNMENT AND REPORTING ENTITY**

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

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

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

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

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

The School District employs 55 full-time employees. These employees include certified, non-certified and administrative personnel providing services to 398 secondary students and 594 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 Metropolitan Educational Technology Association Solutions is reported as a jointly governed organization in Note 16. The Ohio SchoolComp Workers' Compensation Group Rating Plan is reported as an insurance purchasing pool in Note 16. The Brown County Schools Benefits Consortium is presented as a public entity shared risk and insurance purchasing pool in Note 17.

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

Brown County is a rural community in Southern Ohio with an unemployment rate of 4.9 percent which is equal to the State unemployment rate. The population of Brown County in the 2010 census was 44,846. Population projections for Brown County are indicating growth over the next decade.

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

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

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

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

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

## **FINANCIAL PLANNING AND POLICIES**

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

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

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

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

## **MAJOR INITIATIVES**

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

In addition, with enrollment declining in local school districts, Southern Hills is planning to evaluate potential incoming enrollment, in order to begin adjusting programs to better reflect the needs of our students. Culinary arts, a food science based program, exists in the vacated machine trades lab. In fiscal year 2016, the Career Technical Center offered Engineering at the Western Brown Local School District High School. This is a manufacturing based program, following the Project Lead the Way curriculum. Southern Hills also added an information technology program at Eastern Brown Local School District to service 7<sup>th</sup> through 9<sup>th</sup> grade students. In addition, an information technology program for 7<sup>th</sup> through 9<sup>th</sup> grade students was added at Bright Local Schools during the 2017-2018 school year. In the 2018-2019 school year additional information technology programs for 7<sup>th</sup> through 9<sup>th</sup> grade students were added at Fayetteville Middle School and Eastern Middle School. We also added an Agriculture program for 7<sup>th</sup> and 8<sup>th</sup> graders at Eastern Middle School. The School District is exploring the possibility of adding additional middle school and high school Agriculture programs at our associate schools. 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, 2017. This was the thirteenth 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**

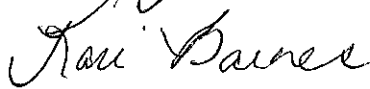
The Southern Hills Joint Vocational School District received the Association of School Business Officials (ASBO) International Certificate of Excellence for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the thirteenth year that the School District has received this award. This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International. An expert ASBO Panel of Review consisting of certified public accountants and practicing school business officials grants the award only after an intensive review of financial reports. Receiving the award is recognition that a school system has met the highest standards of excellence in school financial reporting. A Certificate of Excellence is valid for a period of one year only. We are submitting our current CAFR to ASBO, as we believe that our current report conforms to the Certificate of Excellence Program requirements.

**ACKNOWLEDGEMENTS**

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

Respectfully submitted,

  
Kevin Kratzer, Superintendent

  
Kari Barnes, Treasurer  
Southern Hills Joint Vocational School District

***Southern Hills Joint Vocational School District  
Principal Officials  
As Of June 30, 2018***

**ELECTED OFFICIALS**

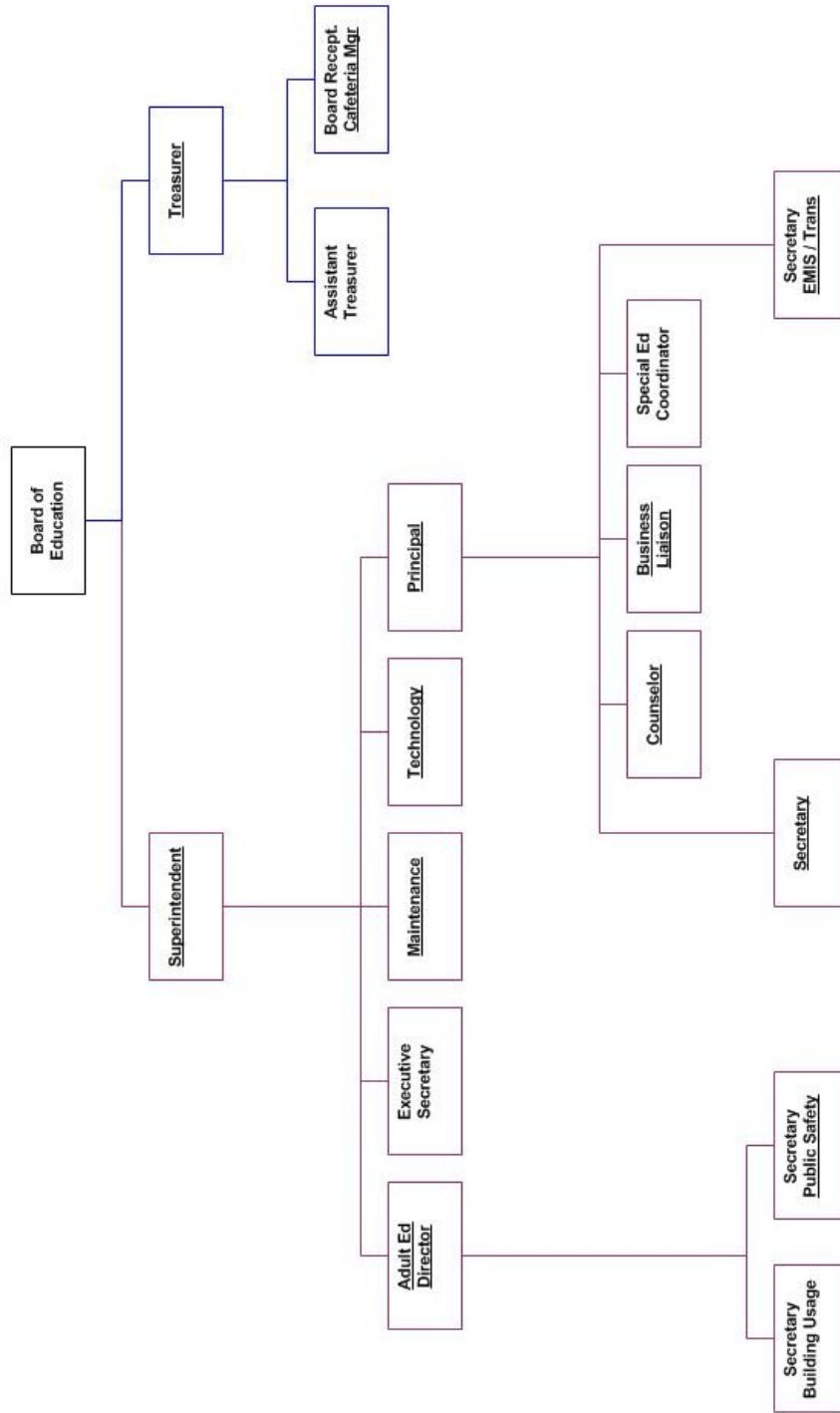
President, Board of Education ..... Richard Pride  
Vice President, Board of Education..... Steve Cox  
Board Member .....Jessie Kathleen Johnson  
Board Member ..... Dick Colwell  
Board Member ..... Martin Yockey  
Board Member ..... Jeff White  
Board Member ..... Betty Burwinkel

**ADMINISTRATIVE OFFICIALS**

Superintendent ..... Kevin Kratzer  
Treasurer ..... Kari Barnes  
Principal ..... Guy Hopkins  
Special Education Coordinator .....Steffani Diesel  
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, 2018***

**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, 2017**

*Christopher P. Morill*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Southern Hills Joint Vocational School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE  
Executive Director

# **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

December 28, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Hills Joint Vocational School District, Brown County, as of June 30, 2018, 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.

***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during the year ended June 30, 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

***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 and OPEB liabilities and pension and OPEB 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 28, 2018, 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*

***Southern Hills Joint Vocational School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2018***  
***Unaudited***

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As management of the Southern Hills Joint Vocational School District, we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. 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, 2018. 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**

- The School District's total net position increased mainly due to a decrease in the State Teachers Retirement System (STRS) net pension liability. STRS altered assumptions about the long-term rate of return on investments and assumed no cost of living increases.

### **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.

### **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 2018?" 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.

***Southern Hills Joint Vocational School District***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2018***  
***Unaudited***

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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 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.

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**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 2018 and 2017:

(Table 1)  
Net Position

	Governmental Activities		
	2018	Restated 2017	Change
<b>Assets</b>			
Current and Other Assets	\$12,805,293	\$12,907,767	(\$102,474)
Capital Assets, Net	14,608,357	14,049,250	559,107
<b>Total Assets</b>	<b>27,413,650</b>	<b>26,957,017</b>	<b>456,633</b>
<b>Deferred Outflows of Resources</b>			
Pension	1,946,234	1,659,627	286,607
OPEB	68,267	3,388	64,879
<b>Total Deferred Outflows of Resources</b>	<b>2,014,501</b>	<b>1,663,015</b>	<b>351,486</b>
<b>Liabilities</b>			
Current and Other Liabilities	608,964	639,901	(30,937)
Long Term Liabilities:			
Due Within One Year	470,246	456,589	13,657
Due In More than One Year:			
Net Pension Liability	6,323,958	8,491,109	(2,167,151)
Net OPEB Liability	1,466,666	1,788,295	(321,629)
Other	2,444,447	2,936,767	(492,320)
<b>Total Liabilities</b>	<b>11,314,281</b>	<b>14,312,661</b>	<b>(2,998,380)</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	1,128,133	1,836,133	(708,000)
Pension	366,028	230,805	135,223
OPEB	186,032	0	186,032
<b>Total Deferred Inflows of Resources</b>	<b>1,680,193</b>	<b>2,066,938</b>	<b>(386,745)</b>
<b>Net Position</b>			
Net Investment in Capital Assets	12,101,312	11,007,390	1,093,922
Restricted	4,754,361	4,659,725	94,636
Unrestricted (Deficit)	(421,996)	(3,426,682)	3,004,686
<b>Total Net Position</b>	<b>\$16,433,677</b>	<b>\$12,240,433</b>	<b>\$4,193,244</b>

*Southern Hills Joint Vocational School District  
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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$14,025,340 to \$12,240,433.

Current and Other Assets decreased \$102,474, due mainly to a decrease in property taxes receivable of \$143,067. Capital Assets, Net increased \$559,107, due primarily to additions exceeding depreciation during the fiscal year.

Total liabilities decreased \$2,998,380 mainly due to a decrease in net pension liability of \$2,167,151 related to a decrease in the State Teachers Retirement System (STRS) net pension liability.

Net Investment in Capital Assets increased \$1,093,922 due to reducing the amount of outstanding debt.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

***Southern Hills Joint Vocational School District***  
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(Table 2)  
Changes in Net Position

	Governmental Activities 2018	Governmental Activities 2017	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$682,332	\$672,164	\$10,168
Operating Grants, Contributions and Interest	1,669,239	2,261,943	(592,704)
Total Program Revenues	<u>2,351,571</u>	<u>2,934,107</u>	<u>(582,536)</u>
General Revenues:			
Property Taxes	2,906,800	2,580,694	326,106
Grants and Entitlements not Restricted to Specific Programs	2,536,973	2,507,344	29,629
Investment Earnings	175,471	131,804	43,667
Miscellaneous	18,757	27,875	(9,118)
Total General Revenues	<u>5,638,001</u>	<u>5,247,717</u>	<u>390,284</u>
Total Revenues	<u>7,989,572</u>	<u>8,181,824</u>	<u>(192,252)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	76,106	197,227	(121,121)
Special	2,250	4,684	(2,434)
Vocational	1,716,755	4,253,214	(2,536,459)
Adult/Continuing	29,592	433,942	(404,350)
Support Services:			
Pupils	167,879	642,236	(474,357)
Instructional Staff	137,746	158,977	(21,231)
Board of Education	76,453	63,146	13,307
Administration	268,367	701,214	(432,847)
Fiscal	340,923	447,301	(106,378)
Business	6,879	8,662	(1,783)
Operation and Maintenance of Plant	604,045	749,434	(145,389)
Pupil Transportation	35,520	29,092	6,428
Central	33,318	31,270	2,048
Operation of Non-Instructional Services	239,111	280,316	(41,205)
Extracurricular Activities	7,245	7,065	180
Interest and Fiscal Charges	54,139	59,319	(5,180)
Total Expenses	<u>3,796,328</u>	<u>8,067,099</u>	<u>(4,270,771)</u>
Change in Net Position	<u>4,193,244</u>	<u>114,725</u>	<u>\$4,078,519</u>
Net Position Beginning of Year - Restated (See Note 3)	12,240,433	N/A	
Net Position at End of Year	<u>\$16,433,677</u>	<u>\$12,240,433</u>	

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The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$3,388 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$195,642. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$3,796,328
Negative OPEB expense under GASB 75	195,642
2018 contractually required contribution	4,834
Adjusted 2018 program expenses	3,996,804
Total 2017 program expenses under GASB 45	8,067,099
Decrease in program expenses not related to OPEB	(\$4,070,295)

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. (See Note 10) As a result of these changes, pension expense decreased from \$669,382 in fiscal year 2017 to a negative pension expense of \$1,860,764 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

<b>Program Expenses</b>	<u>Related to Negative Pension Expense</u>
Instruction:	
Regular	(\$88,712)
Vocational	(1,037,986)
Adult/Continuing	(97,694)
Support Services:	
Pupils	(343,923)
Instructional Staff	(3,136)
Administration	(278,518)
Fiscal	(4,489)
Operation and Maintenance of Plant	(4,350)
Pupil Transportation	(469)
Operation of Non-Instructional Services	(1,487)
Total Expenses	(\$1,860,764)



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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 decreased \$592,704 due to a decrease in vocational funding. Property taxes increased \$326,106 mainly due to an increase in property taxes held by the County Auditor and available for advance at fiscal year-end.

Total expenses decreased \$4,270,771 primarily due to a decrease in pension and OPEB liability related to a decrease in the State Teachers Retirement System (STRS) net pension liability. STRS altered assumptions about the long-term rate of return on investments and assumed no cost of living increases. As should be expected, instruction costs represent the largest of the School District's expenses, \$1,824,703 for fiscal year 2018. The instruction category, however, does not include all activity associated with educating students. Operation and maintenance of plant also represents a significant expense of \$604,045.

### **Governmental Activities**

Grants and Entitlements made up 45 percent of general revenues for governmental activities of the Southern Hills Joint Vocational School District for fiscal year 2018. 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 2018. Support Services expenses make up 44 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 \$7,997,448 and expenditures of \$7,353,292. The General Fund had an increase of \$529,221, mainly due to an increase in property tax revenue offset by a decrease in expenditures. The Ohio School Facilities Maintenance Special Revenue Fund had an increase of \$97,810, mainly due to property tax revenues exceeding expenditures. The Permanent Improvement Capital Projects Fund had an insignificant increase of \$13,075.

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Unaudited*

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**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 2018, 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 \$6,031,240, with a final budget estimate of \$6,015,244, a difference of \$15,996. There was an \$83,380 variance between the final budget and actual budget basis revenues due to a decrease in property tax, intergovernmental, and customer sales and services revenue offset by an increase in tuition and fees revenue.

Original budget basis expenditures and carryover encumbrances for the General Fund were \$6,616,165 and final budget basis expenditures and carryover encumbrances were \$6,902,768, a difference of \$286,603. The increase in estimated expenditures was primarily related to an increase in several line items for the anticipation of increased salaries. Final actual expenditures fell below the final budgeted expenditures by \$1,192,562 mainly due a decrease in Vocational and Adult Education Instruction expenditures. The decrease in Vocational Instruction was largely due to the purchase of a plasma cut welder that was expected to be purchased in fiscal year 2018, but was not actually purchased until fiscal year 2019. Adult Education Instruction decreased due to a low enrollment; therefore, the School District did not offer as many classes in Adult Education, which caused fewer expenditures.

The School District's ending unobligated cash balance in the General Fund was \$738,329 above the final budgeted amount.

**Capital Assets**

At the end of fiscal year 2018, the School District had \$14,608,357 in capital assets. Capital Assets increased \$559,107 from the prior fiscal year. This was due primarily to additions exceeding depreciation during the fiscal year. Furniture and equipment additions were \$896,868, while accumulated depreciation for furniture and equipment was \$349,088, which is a variance of \$547,780. For more information on Capital Assets, refer to the notes to the basic financial statements (Note 8).

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**Debt**

At June 30, 2018, the School District had \$66,667 in loans outstanding, with \$33,333 due within one year, and notes outstanding of \$1,012,626, with \$219,152 due within one year. In addition, the School District had \$1,427,752 in capital leases payable at fiscal year-end.

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

**Contacting the School District's Financial Management**

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

**Southern Hills Joint Vocational School District**  
*Statement of Net Position*  
June 30, 2018

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$10,272,020
Materials and Supplies Inventory	2,119
Inventory Held for Resale	20,579
Accrued Interest Receivable	23,028
Prepaid Items	8,427
Property Taxes Receivable	2,451,226
Intergovernmental Receivable	27,894
Capital Assets:	
Land	339,053
Depreciable Capital Assets, Net	14,269,304
<i>Total Assets</i>	27,413,650
<b><u>Deferred Outflows of Resources:</u></b>	
Pension	1,946,234
OPEB	68,267
Total Deferred Outflows of Resources	2,014,501
<b><u>Liabilities:</u></b>	
Accounts Payable	11,075
Accrued Wages and Benefits Payable	488,999
Intergovernmental Payable	84,296
Accrued Interest Payable	24,594
Long-Term Liabilities:	
Due Within One Year	470,246
Due in More Than One Year:	
Net Pension Liability (See Note 10)	6,323,958
Net OPEB Liability (See Note 11)	1,466,666
Other Amounts Due in More Than One Year	2,444,447
<i>Total Liabilities</i>	11,314,281
<b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	1,128,133
Pension	366,028
OPEB	186,032
<i>Total Deferred Inflows of Resources</i>	1,680,193
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	12,101,312
Restricted for:	
Capital Outlay	2,007,786
Food Service	445,922
Adult Education	697,998
Classroom Facilities	1,471,886
Renewed Opportunity	108,672
Other Purposes	1,800
Set-Asides	20,297
Unrestricted (Deficit)	(421,996)
<i>Total Net Position</i>	\$16,433,677

See accompanying notes to the basic financial statements

**Southern Hills Joint Vocational School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2018

	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities
<u>Governmental Activities:</u>	<u>Expenses</u>		
<b>Instruction:</b>			
Regular	\$76,106	\$407,333	\$0
Special	2,250	0	304,481
Vocational	1,716,755	0	1,101,628
Adult/Continuing	29,592	115,587	43,257
<b>Support Services:</b>			
Pupils	167,879	0	105,743
Instructional Staff	137,746	0	1,800
Board of Education	76,453	0	0
Administration	268,367	45,073	16,867
Fiscal	340,923	0	0
Business	6,879	149	56
Operation and Maintenance of Plant	604,045	52,365	0
Pupil Transportation	35,520	0	0
Central	33,318	0	0
Operation of Non-Instructional Services	239,111	61,825	95,407
Extracurricular Activities	7,245	0	0
Interest and Fiscal Charges	54,139	0	0
<b>Total Governmental Activities</b>	<b>\$3,796,328</b>	<b>\$682,332</b>	<b>\$1,669,239</b>

**General Revenues:**

<b>Property Taxes Levied for:</b>	
General Purposes	2,155,618
Other Purposes	157,500
Capital Outlay	593,682
<b>Grants and Entitlements not</b>	
Restricted to Specific Programs	2,536,973
Investment Earnings	175,471
Miscellaneous	18,757
<b>Total General Revenues</b>	<b>5,638,001</b>
Change in Net Position	4,193,244
Net Position at Beginning of Year - Restated (See Note 3)	12,240,433
Net Position at End of Year	<b>\$16,433,677</b>

See accompanying notes to the basic financial statements

**Southern Hills Joint Vocational School District**  
*Balance Sheet*  
**Governmental Funds**  
*June 30, 2018*

	General Fund	Ohio School Facilities Maintenance Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$5,653,358	\$1,472,488	\$1,093,099	\$2,032,778	\$10,251,723
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	20,297	0	0	0	20,297
Receivables:					
Property Taxes	1,789,963	0	661,263	0	2,451,226
Accrued Interest	0	0	22,153	875	23,028
Intergovernmental	27,894	0	0	0	27,894
Interfund	4,000	0	0	0	4,000
Prepaid Items	7,706	13	0	708	8,427
Materials and Supplies Inventory	0	0	0	2,119	2,119
Inventory Held for Resale	0	0	0	20,579	20,579
Advances to Other Funds	200,000	0	0	0	200,000
<i>Total Assets</i>	<u>\$7,703,218</u>	<u>\$1,472,501</u>	<u>\$1,776,515</u>	<u>\$2,057,059</u>	<u>\$13,009,293</u>
<b><u>Liabilities:</u></b>					
Accounts Payable	\$5,590	\$615	\$4,870	\$0	\$11,075
Accrued Wages and Benefits Payable	444,728	0	0	44,271	488,999
Intergovernmental Payable	77,527	0	0	6,769	84,296
Interfund Payable	0	0	0	4,000	4,000
Advances From Other Funds	0	0	0	200,000	200,000
<i>Total Liabilities</i>	<u>527,845</u>	<u>615</u>	<u>4,870</u>	<u>255,040</u>	<u>788,370</u>
<b><u>Deferred Inflows of Resources:</u></b>					
Property Taxes	796,968	0	331,165	0	1,128,133
Unavailable Revenue	127,763	0	51,760	411	179,934
<i>Total Deferred Inflows of Resources</i>	<u>924,731</u>	<u>0</u>	<u>382,925</u>	<u>411</u>	<u>1,308,067</u>
<b><u>Fund Balances:</u></b>					
Nonspendable	207,706	13	0	2,827	210,546
Restricted	20,297	1,471,873	1,388,720	1,818,556	4,699,446
Committed	465,220	0	0	0	465,220
Assigned	1,399,096	0	0	0	1,399,096
Unassigned (Deficit)	4,158,323	0	0	(19,775)	4,138,548
<i>Total Fund Balances</i>	<u>6,250,642</u>	<u>1,471,886</u>	<u>1,388,720</u>	<u>1,801,608</u>	<u>10,912,856</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$7,703,218</u>	<u>\$1,472,501</u>	<u>\$1,776,515</u>	<u>\$2,057,059</u>	<u>\$13,009,293</u>

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, 2018*

**Total Governmental Fund Balances** \$10,912,856

***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	
Depreciable capital assets	26,568,903	
Accumulated depreciation	(12,299,599)	
Total		14,608,357

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	150,472	
Intergovernmental	18,642	
Interest	10,820	
Total		179,934

In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. (24,594)

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

Deferred Outflows - Pension	1,946,234	
Deferred Outflows - OPEB	68,267	
Deferred Inflows - Pension	(366,028)	
Deferred Inflows - OPEB	(186,032)	
Net Pension Liability	(6,323,958)	
Net OPEB Liability	(1,466,666)	
Total		(6,328,183)

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

Loans	(66,667)	
Tax Anticipation Notes	(1,012,626)	
Capital leases	(1,427,752)	
Compensated absences	(407,648)	
Total		(2,914,693)

**Net Position of Governmental Activities** \$16,433,677

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, 2018**

	General Fund	Ohio School Facilities Maintenance Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>					
Property Taxes	\$2,151,364	\$157,500	\$591,984	\$0	\$2,900,848
Intergovernmental	3,727,485	658	96,717	381,338	4,206,198
Investment Earnings	0	0	165,062	3,277	168,339
Tuition and Fees	316,583	0	0	160,809	477,392
Rent	52,365	0	0	0	52,365
Customer Sales and Services	111,724	0	0	61,825	173,549
Miscellaneous	13,372	53	2,085	3,247	18,757
<b>Total Revenues</b>	<b>6,372,893</b>	<b>158,211</b>	<b>855,848</b>	<b>610,496</b>	<b>7,997,448</b>
<b><u>Expenditures:</u></b>					
Current:					
Instruction:					
Regular	179,314	0	0	0	179,314
Vocational	3,001,001	0	51,107	118,624	3,170,732
Adult/Continuing	159,746	0	68,598	382,052	610,396
Support Services:					
Pupils	499,115	0	0	109,980	609,095
Instructional Staff	140,990	0	0	0	140,990
Board of Education	33,015	0	0	0	33,015
Administration	502,086	0	0	148,979	651,065
Fiscal	362,304	0	22,496	0	384,800
Business	6,388	0	0	491	6,879
Operation and Maintenance of Plant	522,235	60,401	18,432	0	601,068
Pupil Transportation	24,319	0	45,222	0	69,541
Central	33,240	0	0	0	33,240
Operation of Non-Instructional Services	21,844	0	0	196,320	218,164
Extracurricular Activities	7,245	0	0	0	7,245
Capital Outlay	830	0	86,738	0	87,568
Debt Service:					
Principal Retirement	0	0	495,858	0	495,858
Interest and Fiscal Charges	0	0	54,322	0	54,322
<b>Total Expenditures</b>	<b>5,493,672</b>	<b>60,401</b>	<b>842,773</b>	<b>956,446</b>	<b>7,353,292</b>
Excess of Revenues Over (Under) Expenditures	879,221	97,810	13,075	(345,950)	644,156
<b><u>Other Financing Sources (Uses):</u></b>					
Transfers In	0	0	0	350,000	350,000
Transfers Out	(350,000)	0	0	0	(350,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(350,000)</b>	<b>0</b>	<b>0</b>	<b>350,000</b>	<b>0</b>
Net Change in Fund Balances	529,221	97,810	13,075	4,050	644,156
Fund Balances at Beginning of Year	5,721,421	1,374,076	1,375,645	1,797,558	10,268,700
Fund Balances at End of Year	<u>\$6,250,642</u>	<u>\$1,471,886</u>	<u>\$1,388,720</u>	<u>\$1,801,608</u>	<u>\$10,912,856</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, 2018*

**Net Change in Fund Balances - Total Governmental Funds** \$644,156

**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	1,304,974	
Construction in progress additions	102,551	
Depreciation expense	<u>(848,418)</u>	
Excess of depreciation expense over capital outlay		559,107

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	5,952	
Intergovernmental	(2,845)	
Interest	9,991	
Customer Sales and Services	<u>(20,974)</u>	
Total		(7,876)

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

Pension	457,771	
OPEB	<u>4,834</u>	
Total		462,605

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension expense in Statement of Activities.

Pension	1,860,764	
OPEB	<u>195,642</u>	
Total		2,056,406

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

Loan principal payment	33,333	
Tax anticipation note principal payment	214,176	
Lease principal payment	<u>248,349</u>	
Total long-term debt repayment		495,858

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

Decrease in accrued interest		183
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable		<u>(17,195)</u>
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**Change in Net Position of Governmental Activities** \$4,193,244

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, 2018**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$2,036,750	\$1,800,000	\$1,718,443	(\$81,557)
Intergovernmental	3,602,888	3,802,000	3,728,469	(73,531)
Tuition and Fees	204,972	216,300	316,583	100,283
Rent	49,386	52,115	52,365	250
Customer Sales and Services	134,398	141,825	111,724	(30,101)
Miscellaneous	2,847	3,004	4,280	1,276
<b>Total Revenues</b>	<b>6,031,241</b>	<b>6,015,244</b>	<b>5,931,864</b>	<b>(83,380)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	178,911	186,661	177,875	8,786
Vocational	3,508,369	3,660,346	3,204,564	455,782
Adult/Continuing	397,193	414,399	159,746	254,653
<b>Support Services:</b>				
Pupils	570,046	594,740	495,138	99,602
Instructional Staff	153,919	160,587	138,294	22,293
Board of Education	50,560	52,750	35,665	17,085
Administration	535,216	558,401	511,947	46,454
Fiscal	349,689	364,837	364,837	0
Business	13,898	14,500	6,388	8,112
Operation and Maintenance of Plant	566,622	591,167	527,456	63,711
Pupil Transportation	97,228	101,440	24,445	76,995
Central	81,311	84,833	33,236	51,597
Operation of Non-Instructional Services	38,675	40,350	21,844	18,506
Extracurricular Activities	12,227	12,757	7,941	4,816
Capital Outlay	62,301	65,000	830	64,170
<b>Total Expenditures</b>	<b>6,616,165</b>	<b>6,902,768</b>	<b>5,710,206</b>	<b>1,192,562</b>
Excess of Revenues Over (Under) Expenditures	(584,924)	(887,524)	221,658	1,109,182
<b>Other Financing Sources (Uses):</b>				
Refund of Prior Year Expenditures	0	0	8,081	8,081
Refund of Prior Year Receipts	0	0	66	66
Advances In	25,000	25,000	0	(25,000)
Advances Out	0	0	(4,000)	(4,000)
Transfers Out	0	0	(350,000)	(350,000)
<b>Total Other Financing Sources (Uses)</b>	<b>25,000</b>	<b>25,000</b>	<b>(345,853)</b>	<b>(370,853)</b>
Net Change in Fund Balance	(559,924)	(862,524)	(124,195)	738,329
Fund Balance at Beginning of Year	5,466,868	5,466,868	5,466,868	0
Prior Year Encumbrances Appropriated	131,921	131,921	131,921	0
Fund Balance at End of Year	<u>\$5,038,865</u>	<u>\$4,736,265</u>	<u>\$5,474,594</u>	<u>\$738,329</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, 2018**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$0	\$658	\$658	\$0
<b>Expenditures:</b>				
Current:				
Support Services:				
Operation and Maintenance of Plant	572,500	574,004	120,085	453,919
Excess of Revenues Under Expenditures	(572,500)	(573,346)	(119,427)	453,919
<b>Other Financing Sources:</b>				
Refund of Prior Year Expenditures	0	0	53	53
Transfers In	157,500	157,500	157,500	0
<i>Total Other Financing Sources</i>	157,500	157,500	157,553	53
Net Change in Fund Balance	(415,000)	(415,846)	38,126	453,972
Fund Balance at Beginning of Year	1,372,499	1,372,499	1,372,499	0
Prior Year Encumbrances Appropriated	1,503	1,503	1,503	0
Fund Balance at End of Year	<u>\$959,002</u>	<u>\$958,156</u>	<u>\$1,412,128</u>	<u>\$453,972</u>

See accompanying notes to the basic financial statements

*Southern Hills Joint Vocational School District*  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2018*

	Private Purpose Trust Fund	
	Scholarship Fund	Agency Fund
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$65,124	\$47,736
<b><u>Liabilities:</u></b>		
Undistributed Monies	0	\$47,736
<b><u>Net Position:</u></b>		
Held in Trust for Scholarships	\$65,124	

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, 2018*

	Scholarship Fund
<b><u>Additions:</u></b>	
Contribution and Donations	\$1,000
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	4,850
<i>Changes in Net Position</i>	(3,850)
Net Position Beginning of Year	68,974
Net Position End of Year	\$65,124

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, 2018

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### **Note 1 – Description of the School District and Reporting Entity**

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

A board member is appointed by each local board of education within the Joint Vocational School District. The Board is appointed by the boards of Georgetown Exempted Village School District and Western Brown, Eastern, Fayetteville Perry and Ripley Union Lewis Huntington Local School Districts. Bright Local School District has assigned their appointment to the Southern Ohio Educational Service 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 17 non-certificated and 38 certificated teaching personnel and administrative employees providing education to 398 secondary students and 594 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, 2018

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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:

Metropolitan Educational Technology Association Solutions (META)

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, 2018

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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, 2018

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**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, 2018

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### **Basis of Accounting**

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

### **Revenues - Exchange and Non-exchange Transactions**

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

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

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

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Note 10 and 11.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, intergovernmental grants, and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Note 10 and 11).

### **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.

### **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 2018, the School District’s investments were limited to STAR Ohio, Money Market Mutual Funds, Federal National Mortgage Association Medium Term Notes, negotiable certificates of deposit, and Commercial Paper. Investments, except for STAR Ohio, Money Market Mutual Funds, and Commercial Paper, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund’s current share price. The School District’s commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase less than one year.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the Permanent Improvement Capital Projects Fund during fiscal year 2018 amounted to \$165,062, which includes \$147,497 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, 2018, 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.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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**Capital Assets**

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

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

All reported capital assets, except land, 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.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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### **Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Loans, tax anticipation notes, and capital leases that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

### **Pensions/Other Postemployment Benefits (OPEB)**

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

### **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.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2019 appropriated budget.

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

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

### **Net Position**

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

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

### **Internal Activity**

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

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.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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### **Budgetary Process**

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

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

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

### **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 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated



**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on the net position as reported June 30, 2017:

Net Position June 30, 2017	\$14,025,340
Adjustments:	
Net OPEB Liability	(1,788,295)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>3,388</u>
Restated Net Position June 30, 2017	<u><u>\$12,240,433</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**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).

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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).

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	\$529,221	\$97,810
Adjustments:		
Revenue Accruals	(423,985)	(157,500)
Expenditure Accruals	(17,407)	676
Transfers	0	157,500
Advances	(4,000)	0
Encumbrances	(199,061)	(60,360)
Net Decrease in Fair Value of Investments - Fiscal Year 2017	(8,963)	0
Budget Basis	<u>(\$124,195)</u>	<u>\$38,126</u>

**Note 5 – Deposits and Investments**

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

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

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

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of June 30, 2018, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investment
Net Asset Value per Share:				
STAR Ohio	\$249,391	Less than one year	AAAm	N/A
Amortized Cost:				
Commercial Paper	492,812	Less than one year	N/A	6.29%
Fair Value - Level One Inputs:				
Money Market Mutual Fund	45,246	Less than one year	Aaa	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificate of Deposits	6,796,792	Less than five years	Aaa	86.80%
Federal National Mortgage Association Medium Term Notes	246,352	Less than one year	Aaa	N/A
Total Fair Value - Level Two Inputs	7,043,144			
Total Investments	\$7,830,593			

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, 2018. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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### **Interest Rate Risk**

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

### **Credit Risk**

The Standard and Poor's or Moody's rating of the School District's investments is listed in the table above. STAR Ohio is permitted by Ohio Revised Code Section 135.45. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The School District has no investment policy that addresses credit risk.

### **Custodial Credit Risk**

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

### **Concentration of Credit Risk**

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

### **Note 6 – Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, 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.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 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, 2018, are available to finance fiscal year 2018 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, 2018 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, 2018, were \$883,874 in the General Fund and \$288,747 in the Permanent Improvement Capital Projects Fund. The amounts available as an advance at June 30, 2017, were \$450,953 in the General Fund and \$162,687 in the Permanent Improvement Capital Projects Fund.

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 2018 taxes were collected are:

	2017 Second- Half Collections		2018 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$851,890,400	94.33%	\$780,650,927	93.55%
Public Utility Personal	51,248,400	5.67%	53,812,800	6.45%
Total Assessed Value	<u>\$903,138,800</u>	<u>100.00%</u>	<u>\$834,463,727</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed	\$6.40		\$6.40	

**Note 7 – Receivables**

Receivables at June 30, 2018, consisted of property taxes, interest, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except delinquent property taxes are expected to be

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

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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	\$18,642
College Credit Plus Adjustment	3,803
Bureau of Workers Compensation Rebate	5,449
Total Intergovernmental Receivables	<u><u>\$27,894</u></u>

**Note 8 – Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Ending Balance 6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2018</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$339,053	\$0	\$0	\$339,053
Construction in Progress	38,957	102,551	(141,508)	0
Total Capital Assets, Not Being Depreciated	<u>378,010</u>	<u>102,551</u>	<u>(141,508)</u>	<u>339,053</u>
Capital Assets Being Depreciated				
Land Improvements	580,982	70,343	0	651,325
Buildings and Improvements	18,168,404	428,474	0	18,596,878
Furniture and Equipment	5,807,429	896,868	0	6,704,297
Vehicles	561,311	50,797	0	612,108
Textbooks	4,295	0	0	4,295
Total Capital Assets Being Depreciated	<u>25,122,421</u>	<u>1,446,482</u>	<u>0</u>	<u>26,568,903</u>
Less Accumulated Depreciation:				
Land Improvements	(465,175)	(12,169)	0	(477,344)
Buildings and Improvements	(6,458,278)	(458,975)	0	(6,917,253)
Furniture and Equipment	(4,110,090)	(349,088)	0	(4,459,178)
Vehicles	(413,343)	(28,186)	0	(441,529)
Textbooks	(4,295)	0	0	(4,295)
Total Accumulated Depreciation	<u>(11,451,181)</u>	<u>(848,418)*</u>	<u>0</u>	<u>(12,299,599)</u>
Total Capital Assets Being Depreciated, Net	<u>13,671,240</u>	<u>598,064</u>	<u>0</u>	<u>14,269,304</u>
Governmental Activities Capital Assets, Net	<u><u>\$14,049,250</u></u>	<u><u>\$700,615</u></u>	<u><u>(\$141,508)</u></u>	<u><u>\$14,608,357</u></u>

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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Instruction:	
Regular	\$15,257
Special	4,527
Vocational	660,257
Adult/Continuing	31,744
Support Services:	
Pupils	10,367
Instructional Staff	2,551
Board of Education	43,438
Administration	5,852
Fiscal	6,362
Operation and Maintenance of Plant	28,674
Pupil Transportation	12,731
Central	78
Operation of Non-Instructional Services	26,580
Total Depreciation Expense	<u>\$848,418</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 2018, 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 Catlin Indemnity under a business policy and hold a \$500 deductible for comprehensive and a \$500 deductible for collision with a \$1,000,000 limit on any accident. School Board errors and omissions coverage is provided by Catlin Indemnity and has a \$6,000,000 general liability and an \$8,000,000 aggregate limit.

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

**Workers' Compensation**

For fiscal year 2018, 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.



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

Notes to the Basic Financial Statements  
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**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**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

**Net Pension Liability/Net OPEB Liability**

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

The net pension/OPEB liability represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB 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 these estimates 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 and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

**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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Notes to the Basic Financial Statements  
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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, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$81,970 for fiscal year 2018. Of this amount, \$6,079 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](http://www.strsoh.org).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$375,801 for fiscal year 2018. Of this amount, \$48,611 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, 2017, 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:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.02865070%	0.01910238%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.02820750%</u>	<u>0.01952676%</u>	
Change in Proportionate Share	<u>-0.00044320%</u>	<u>0.00042438%</u>	
Proportionate Share of the Net			
Pension Liability	\$1,685,335	\$4,638,623	\$6,323,958
Pension Expense	(\$23,512)	(\$1,837,252)	(\$1,860,764)

At June 30, 2018, 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>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$72,531	\$179,122	\$251,653
Changes of assumptions	87,150	1,014,518	1,101,668
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	66,930	68,212	135,142
School District contributions subsequent to the measurement date	<u>81,970</u>	<u>375,801</u>	<u>457,771</u>
Total Deferred Outflows of Resources	<u>\$308,581</u>	<u>\$1,637,653</u>	<u>\$1,946,234</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$0	\$37,385	\$37,385
Net difference between projected and actual earnings on pension plan investments	8,000	153,080	161,080
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>0</u>	<u>167,563</u>	<u>167,563</u>
Total Deferred Inflows of Resources	<u>\$8,000</u>	<u>\$358,028</u>	<u>\$366,028</u>

\$457,771 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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For the Fiscal Year Ended June 30, 2018

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$110,060	\$162,582	\$272,642
2020	119,791	370,824	490,615
2021	28,048	272,331	300,379
2022	(39,288)	98,087	58,799
Total	<u>\$218,611</u>	<u>\$903,824</u>	<u>\$1,122,435</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, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
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service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted 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 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 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 earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$2,338,808	\$1,685,335	\$1,137,919

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016, are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016, actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.



**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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For the Fiscal Year Ended June 30, 2018

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that 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. 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, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

**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 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$6,649,309	\$4,638,623	\$2,944,923

**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, 2018, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**Note 11 – Defined Benefit OPEB Plans**

See Note 10 for a description of the net OPEB liability.

**Plan Description - School Employees Retirement System (SERS)**

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 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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](http://www.ohsers.org) under Employers/Audit Resources.

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

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. 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 2018, the School District's surcharge obligation was \$1,798.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$4,834 for fiscal year 2018. Of this amount, \$2,023 is reported as an intergovernmental payable.

### **Plan Description - State Teachers Retirement System (STRS)**

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. 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, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.02689810%	0.01910238%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.02626210%</u>	<u>0.01952676%</u>	
Change in Proportionate Share	<u><u>-0.00063600%</u></u>	<u><u>0.00042438%</u></u>	
Proportionate Share of the Net			
OPEB Liability	\$704,805	\$761,861	\$1,466,666
OPEB Expense	\$33,595	(\$229,237)	(\$195,642)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$43,979	\$43,979
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	19,454	19,454
School District contributions subsequent to the measurement date	<u>4,834</u>	<u>0</u>	<u>4,834</u>
Total Deferred Outflows of Resources	<u><u>\$4,834</u></u>	<u><u>\$63,433</u></u>	<u><u>\$68,267</u></u>
<b>Deferred Inflows of Resources</b>			
Changes of assumptions	\$66,882	\$61,371	\$128,253
Net difference between projected and actual earnings on OPEB plan investments	1,862	32,564	34,426
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>23,353</u>	<u>0</u>	<u>23,353</u>
Total Deferred Inflows of Resources	<u><u>\$92,097</u></u>	<u><u>\$93,935</u></u>	<u><u>\$186,032</u></u>

\$4,834 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	(\$33,159)	(\$7,797)	(\$40,956)
2020	(33,159)	(7,797)	(40,956)
2021	(25,313)	(7,797)	(33,110)
2022	(466)	(7,798)	(8,264)
2023	0	343	343
Thereafter	0	344	344
Total	<u>(\$92,097)</u>	<u>(\$30,502)</u>	<u>(\$122,599)</u>

**Actuarial Assumptions - SERS**

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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 OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as pension plan, see Note 10.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2017, was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017, was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$851,143	\$704,805	\$588,870

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$571,897	\$704,805	\$880,713

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.



**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Discount Rate** The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036, and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$1,022,788	\$761,861	\$555,646

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$529,309	\$761,861	\$1,067,929

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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**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, 2018

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, 2018.

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2019	\$285,990
2020	298,183
2021	310,947
2022	324,309
2023	338,298
Total	<u>1,557,727</u>
Less: Amount Representing Interest	<u>(129,975)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$1,427,752</u></u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Interest</u>	<u>Principal Retirement Through Investment Earnings</u>	<u>Sinking Fund Payments</u>	<u>Total Lease Payments</u>
2019	\$25,995	\$102,946	\$157,049	\$285,990
2020	25,995	115,139	157,049	298,183
2021	25,995	127,903	157,049	310,947
2022	25,995	141,265	157,049	324,309
2023	25,995	155,254	157,049	338,298
Total Lease Payments	<u>\$129,975</u>	<u>\$642,507</u>	<u>\$785,245</u>	<u>\$1,557,727</u>

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 2018 totaled \$248,349 and were paid from the Permanent Improvement Fund.

<u>Asset:</u>	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings and Improvements	<u>\$1,324,993</u>	<u>(\$309,163)</u>	<u>\$1,015,830</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

**Note 14 – Long-Term Obligations**

The changes in the School District’s long-term obligations during fiscal year 2018 were as follows:

	Amount Outstanding 6/30/17	Additions	Deductions	Amount Outstanding 6/30/18	Amounts Due in One Year
<u>Governmental Activities:</u>					
Net Pension Liability:					
STRS	\$6,394,143	\$0	\$1,755,520	\$4,638,623	\$0
SERS	2,096,966	0	411,631	1,685,335	0
Total Net Pension Liability	<u>8,491,109</u>	<u>0</u>	<u>2,167,151</u>	<u>6,323,958</u>	<u>0</u>
Net OPEB Liability:					
STRS	1,021,600	0	259,739	761,861	0
SERS	766,695	0	61,890	704,805	0
Total Net OPEB Liability	<u>1,788,295</u>	<u>0</u>	<u>321,629</u>	<u>1,466,666</u>	<u>0</u>
2005 Facility Improvement and Equipment Replacement Loan - 0%					
	100,000	0	33,333	66,667	33,333
2014 Permanent Improvement Tax Anticipation Note - 2.5%					
	1,226,802	0	214,176	1,012,626	219,152
Capital Lease	1,676,101	0	248,349	1,427,752	157,049
Compensated Absences	390,453	34,372	17,177	407,648	60,712
Total Governmental Activities Long-Term Obligations	<u>\$13,672,760</u>	<u>\$34,372</u>	<u>\$3,001,815</u>	<u>\$10,705,317</u>	<u>\$470,246</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. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see notes 10 and 11.

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

Principal requirements to retire the debt outstanding at June 30, 2018, are as follows:

Fiscal Year Ending June 30,	Loan Principal	Tax Anticipation Note Principal	Tax Anticipation Note Interest
2019	\$33,333	\$219,592	\$22,811
2020	33,334	225,145	17,258
2021	0	230,839	11,564
2022	0	236,677	5,727
2023	0	100,373	628
<b>Total</b>	<b>\$66,667</b>	<b>\$1,012,626</b>	<b>\$57,988</b>

The School District's overall legal debt margin was \$75,101,735, with an unvoted debt margin of \$834,464 at June 30, 2018.

**Note 15 – Interfund Activity**

**Interfund Transfers**

Transfers made during the fiscal year ended June 30, 2018, were as follows:

Transfers To	<u>Transfers From General Fund</u>
	Nonmajor Governmental Funds

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, 2018, consist of the following individual interfund receivable and payable:

Payable	<u>Receivable General Fund</u>
	Nonmajor Governmental Funds

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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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, 2018, 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**

**Metropolitan Educational Technology Association (META)**

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium and a regional council of governments. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client’s needs.

The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META’s Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board. The School District paid META \$25,800 for services provided during the fiscal year. Financial information can be obtained from META Solutions, David Varda, CFO, 100 Executive Drive, Marion Ohio 43302.

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

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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**Ohio SchoolComp Workers' Compensation Group Rating Plan**

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

**Note 17 – Public Entity Shared Risk and Insurance Purchasing Pool**

**Brown County Schools Benefits Consortium**

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

**Note 18 – Set-Asides**

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

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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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, 2017	\$0	\$20,297
Current Fiscal Year Set-aside Requirement	81,175	0
Qualifying Disbursements	(81,175)	0
Set-aside Balance as of June 30, 2018	<u>\$0</u>	<u>\$20,297</u>
Required Set-aside Balances Carried Forward to Fiscal Year 2018	<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	\$199,061
Ohio School Facilities Maintenance	60,360
Permanent Improvement	45,300
Nonmajor Governmental Funds	<u>11,081</u>
Total	<u>\$315,802</u>

**Note 20 – Accountability**

At June 30, 2018, the Technology Preparation Grant and Vocational Education Planning District grant special revenue funds had negative fund balances of \$4,000 and \$15,679, respectively. The deficit in this fund was created by the recognition of accrued liabilities. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.



**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 21 – 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:

Fund Balances	General Fund	Ohio School Facilities Maintenance Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>					
Prepays	\$7,706	\$13	\$0	\$708	\$8,427
Inventory	0	0	0	2,119	2,119
Long Term Advances	200,000	0	0	0	200,000
<b><i>Total Nonspendable</i></b>	<b>207,706</b>	<b>13</b>	<b>0</b>	<b>2,827</b>	<b>210,546</b>
<b><i>Restricted for</i></b>					
Permanent Improvements	0	0	1,388,720	0	1,388,720
Food Service Operations	0	0	0	443,023	443,023
Miscellaneous Grants	0	0	0	110,438	110,438
Adult Education	0	0	0	697,789	697,789
Set Asides	20,297	0	0	0	20,297
Capital Maintenance	0	1,471,873	0	0	1,471,873
Capital Improvements	0	0	0	567,306	567,306
<b><i>Total Restricted</i></b>	<b>20,297</b>	<b>1,471,873</b>	<b>1,388,720</b>	<b>1,818,556</b>	<b>4,699,446</b>
<b><i>Committed to</i></b>					
Termination Benefits	465,220	0	0	0	465,220
<b><i>Assigned to</i></b>					
Future Appropriations	1,205,625	0	0	0	1,205,625
Purchases on Order	193,471	0	0	0	193,471
<b><i>Total Assigned</i></b>	<b>1,399,096</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,399,096</b>
<b><i>Unassigned (Deficit)</i></b>	<b>4,158,323</b>	<b>0</b>	<b>0</b>	<b>(19,775)</b>	<b>4,138,548</b>
<b><i>Total Fund Balances</i></b>	<b>\$6,250,642</b>	<b>\$1,471,886</b>	<b>\$1,388,720</b>	<b>\$1,801,608</b>	<b>\$10,912,856</b>

**Note 22 – 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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

**School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

**Litigation**

The School District is of the opinion that the ultimate disposition of any legal proceedings will not have a material effect, if any, on the financial condition of the School District.

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 Five Fiscal Years (1)

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.02820750%	0.02865070%	0.02748030%
School District's Proportionate Share of the Net Pension Liability	\$1,685,335	\$2,096,966	\$1,568,053
School District's Covered Payroll	\$1,194,057	\$882,821	\$841,486
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	141.14%	237.53%	186.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

<u>2015</u>	<u>2014</u>
0.25829000%	0.02582900%
\$1,307,191	\$1,535,968
\$676,046	\$665,046
193.36%	230.96%
71.70%	65.52%

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.02626210%	0.02689810%
School District's Proportionate Share of the Net OPEB Liability	\$704,805	\$766,695
School District's Covered Payroll	\$1,194,057	\$882,821
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	59.03%	86.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the 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 Teachers Retirement System of Ohio  
 Last Five Fiscal Years (1)

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.01952676%	0.01910238%	0.00198145%
School District's Proportionate Share of the Net Pension Liability	\$4,638,623	\$6,394,143	\$5,476,147
School District's Covered Payroll	\$1,883,264	\$2,024,057	\$2,051,843
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	246.31%	315.91%	266.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information



<u>2015</u>	<u>2014</u>
0.02018418%	0.02018418%
\$4,909,492	\$5,848,154
\$2,168,992	\$2,178,692
226.35%	268.42%
74.70%	69.30%

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.01952676%	0.01910238%
School District's Proportionate Share of the Net OPEB Liability	\$761,861	\$1,021,600
School District's Covered Payroll	\$1,883,264	\$2,024,057
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	40.45%	50.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016	2015
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$81,970	\$167,168	\$123,595	\$110,908
Contributions in Relation to the Contractually Required Contribution	<u>(81,970)</u>	<u>(167,168)</u>	<u>(123,595)</u>	<u>(110,908)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$607,185	\$1,194,057	\$882,821	\$841,486
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	4,834	3,388	4,445	16,380
Contributions in Relation to the Contractually Required Contribution	<u>(4,834)</u>	<u>(3,388)</u>	<u>(4,445)</u>	<u>(16,380)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.80%</u>	<u>0.28%</u>	<u>0.50%</u>	<u>1.95%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>14.30%</u>	<u>14.28%</u>	<u>14.50%</u>	<u>15.13%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
\$93,700	\$92,042	\$103,088	\$78,496	\$92,164	\$72,650
<u>(93,700)</u>	<u>(92,042)</u>	<u>(103,088)</u>	<u>(78,496)</u>	<u>(92,164)</u>	<u>(72,650)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$676,046	\$665,046	\$766,457	\$624,471	\$680,681	\$738,317
<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>	<u>13.54%</u>	<u>9.84%</u>
7,228	5,901	14,557	18,933	14,800	41,981
<u>(7,228)</u>	<u>(5,901)</u>	<u>(14,557)</u>	<u>(18,933)</u>	<u>(14,800)</u>	<u>(41,981)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.07%</u>	<u>0.89%</u>	<u>1.90%</u>	<u>3.03%</u>	<u>2.17%</u>	<u>5.69%</u>
<u>14.93%</u>	<u>14.73%</u>	<u>15.35%</u>	<u>15.60%</u>	<u>15.71%</u>	<u>15.53%</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$375,801	\$263,657	\$283,368	\$287,258
Contributions in Relation to the Contractually Required Contribution	<u>(375,801)</u>	<u>(263,657)</u>	<u>(283,368)</u>	<u>(287,258)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (2)	\$2,684,293	\$1,883,264	\$2,024,057	\$2,051,843
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$281,969	\$283,230	\$270,614	\$316,250	\$335,776	\$321,611
<u>(281,969)</u>	<u>(283,230)</u>	<u>(270,614)</u>	<u>(316,250)</u>	<u>(335,776)</u>	<u>(321,611)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,168,992	\$2,178,692	\$2,081,646	\$2,432,692	\$2,582,892	\$2,473,931
<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$21,690	\$21,787	\$20,816	\$24,327	\$25,829	\$24,739
<u>(21,690)</u>	<u>(21,787)</u>	<u>(20,816)</u>	<u>(24,327)</u>	<u>(25,829)</u>	<u>(24,739)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<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>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

**Southern Hills Joint Vocational School District**

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

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**Net Pension Liability**

**Changes in Assumptions - SERS**

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

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

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

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**Changes in Assumptions - STRS**

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.



## Southern Hills Joint Vocational School District

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2018

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For fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

### Net OPEB Liability

#### Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

#### Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

**Southern Hills Joint Vocational School District**

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

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Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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.

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

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

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

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

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

*Capital Projects Funds*

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

*Southern Hills Joint Vocational School District  
Fund Descriptions*

*(continued)*

*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.

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**Southern Hills Joint Vocational School District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$1,265,472	\$767,306	\$2,032,778
Receivables:			
Accrued Interest	875	0	875
Prepaid Items	708	0	708
Materials and Supplies Inventory	2,119	0	2,119
Inventory Held for Resale	20,579	0	20,579
<b>Total Assets</b>	<b>\$1,289,753</b>	<b>\$767,306</b>	<b>\$2,057,059</b>
<b><u>Liabilities:</u></b>			
Accrued Wages and Benefits Payable	\$44,271	\$0	\$44,271
Intergovernmental Payable	6,769	0	6,769
Interfund Payable	4,000	0	4,000
Advances from Other Funds	0	200,000	200,000
<b>Total Liabilities</b>	<b>55,040</b>	<b>200,000</b>	<b>255,040</b>
<b><u>Deferred Inflows of Resources:</u></b>			
Unavailable Revenue	411	0	411
<b><u>Fund Balances:</u></b>			
Nonspendable	2,827	0	2,827
Restricted	1,251,250	567,306	1,818,556
Unassigned (Deficit)	(19,775)	0	(19,775)
<b>Total Fund Balances</b>	<b>1,234,302</b>	<b>567,306</b>	<b>1,801,608</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$1,289,753</b>	<b>\$767,306</b>	<b>\$2,057,059</b>

**Southern Hills Joint Vocational School District**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2018**

	Lunchroom Fund	Adult Education Fund	Renewed Opportunity Fund	ONENet Fund
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$435,055	\$719,369	\$108,638	\$1,800
Receivables:				
Accrued Interest	875	0	0	0
Prepaid Items	369	209	34	0
Materials and Supplies Inventory	2,119	0	0	0
Inventory Held for Resale	20,579	0	0	0
<b>Total Assets</b>	<b>\$458,997</b>	<b>\$719,578</b>	<b>\$108,672</b>	<b>\$1,800</b>
<b><u>Liabilities:</u></b>				
Accrued Wages and Benefits Payable	\$12,997	\$17,173	\$0	\$0
Intergovernmental Payable	78	4,407	0	0
Interfund Payable	0	0	0	0
<b>Total Liabilities</b>	<b>13,075</b>	<b>21,580</b>	<b>0</b>	<b>0</b>
<b><u>Deferred Inflows of Resources:</u></b>				
Unavailable Revenue	411	0	0	0
<b><u>Fund Balances:</u></b>				
Nonspendable	2,488	209	34	0
Restricted	443,023	697,789	108,638	1,800
Unassigned (Deficit)	0	0	0	0
<b>Total Fund Balances (Deficit)</b>	<b>445,511</b>	<b>697,998</b>	<b>108,672</b>	<b>1,800</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$458,997</b>	<b>\$719,578</b>	<b>\$108,672</b>	<b>\$1,800</b>



Technical Preparation Grant Fund	VEPD Grant Fund	Total Nonmajor Special Revenue Funds
\$0	\$610	\$1,265,472
0	0	875
0	96	708
0	0	2,119
0	0	20,579
<u>\$0</u>	<u>\$706</u>	<u>\$1,289,753</u>
\$0	\$14,101	\$44,271
0	2,284	6,769
4,000	0	4,000
<u>4,000</u>	<u>16,385</u>	<u>55,040</u>
0	0	411
0	96	2,827
0	0	1,251,250
(4,000)	(15,775)	(19,775)
<u>(4,000)</u>	<u>(15,679)</u>	<u>1,234,302</u>
<u>\$0</u>	<u>\$706</u>	<u>\$1,289,753</u>

**Southern Hills Joint Vocational School District**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2018**

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

**Southern Hills Joint Vocational School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>        </u>	<u>        </u>	<u>        </u>
<b><u>Revenues:</u></b>			
Intergovernmental	\$381,338	\$0	\$381,338
Investment Earnings	3,277	0	3,277
Tuition and Fees	160,809	0	160,809
Customer Sales and Services	61,825	0	61,825
Miscellaneous	3,247	0	3,247
	<u>        </u>	<u>        </u>	<u>        </u>
<i>Total Revenues</i>	<u>610,496</u>	<u>0</u>	<u>610,496</u>
<b><u>Expenditures:</u></b>			
Current:			
Instruction:			
Vocational	118,624	0	118,624
Adult/Continuing	382,052	0	382,052
Support Services:			
Pupils	109,980	0	109,980
Administration	148,979	0	148,979
Business	491	0	491
Operation of Non-Instructional Services	196,320	0	196,320
	<u>        </u>	<u>        </u>	<u>        </u>
<i>Total Expenditures</i>	<u>956,446</u>	<u>0</u>	<u>956,446</u>
Excess of Revenues Under Expenditures	(345,950)	0	(345,950)
<b><u>Other Financing Sources:</u></b>			
Transfers In	350,000	0	350,000
	<u>        </u>	<u>        </u>	<u>        </u>
Net Change in Fund Balances	4,050	0	4,050
Fund Balances at Beginning of Year	1,230,252	567,306	1,797,558
	<u>        </u>	<u>        </u>	<u>        </u>
Fund Balances at End of Year	<u>\$1,234,302</u>	<u>\$567,306</u>	<u>\$1,801,608</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, 2018

	Lunchroom Fund	Adult Education Fund	Renewed Opportunity Fund	OneNet Fund
<b><u>Revenues:</u></b>				
Intergovernmental	\$92,548	\$60,180	\$16,550	\$1,800
Investment Earnings	3,277	0	0	0
Tuition and Fees	0	160,809	0	0
Customer Sales and Services	61,825	0	0	0
Miscellaneous	3,247	0	0	0
<b>Total Revenues</b>	<b>160,897</b>	<b>220,989</b>	<b>16,550</b>	<b>1,800</b>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Vocational	0	0	5,127	0
Adult/Continuing	0	382,052	0	0
Support Services:				
Pupils	0	0	6,248	0
Administration	0	148,979	0	0
Business	0	491	0	0
Operation of Non-Instructional Services	196,320	0	0	0
<b>Total Expenditures</b>	<b>196,320</b>	<b>531,522</b>	<b>11,375</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	(35,423)	(310,533)	5,175	1,800
<b><u>Other Financing Sources:</u></b>				
Transfers In	50,000	300,000	0	0
Net Change in Fund Balances	14,577	(10,533)	5,175	1,800
Fund Balances (Deficit) at Beginning of Year	430,934	708,531	103,497	0
Fund Balances (Deficit) at End of Year	<b>\$445,511</b>	<b>\$697,998</b>	<b>\$108,672</b>	<b>\$1,800</b>

Technical Preparation Grant Fund	Straight A Grant Fund	VEPD Grant Fund	Miscellaneous Federal Grants Fund	Total Nonmajor Special Revenue Funds
\$0	\$21,949	\$150,664	\$37,647	\$381,338
0	0	0	0	3,277
0	0	0	0	160,809
0	0	0	0	61,825
0	0	0	0	3,247
0	21,949	150,664	37,647	610,496
4,000	21,949	49,901	37,647	118,624
0	0	0	0	382,052
0	0	103,732	0	109,980
0	0	0	0	148,979
0	0	0	0	491
0	0	0	0	196,320
4,000	21,949	153,633	37,647	956,446
(4,000)	0	(2,969)	0	(345,950)
0	0	0	0	350,000
(4,000)	0	(2,969)	0	4,050
0	0	(12,710)	0	1,230,252
(\$4,000)	\$0	(\$15,679)	\$0	\$1,234,302

**Southern Hills Joint Vocational School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Fiscal Year Ended June 30, 2018*

	OSFC Locally Funded Initiative Fund	OSFC Vocational Renovation Project Fund	Total Nonmajor Capital Projects Funds
<b><u>Revenues:</u></b>	\$0	\$0	\$0
<b><u>Expenditures:</u></b>	0	0	0
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	76,683	490,623	567,306
Fund Balances at End of Year	\$76,683	\$490,623	\$567,306

**Southern Hills Joint Vocational School District**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Balance at 6/30/2017	Additions	Deletions	Balance at 6/30/2018
<b>STUDENT MANAGED ACTIVITY</b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$40,044	\$38,573	\$30,881	\$47,736
<b><u>Liabilities:</u></b>				
Undistributed Monies	\$40,044	\$38,573	\$30,881	\$47,736

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, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$1,800,000	\$1,718,443	(\$81,557)
Intergovernmental	3,802,000	3,728,469	(73,531)
Tuition and Fees	216,300	316,583	100,283
Rent	52,115	52,365	250
Customer Sales and Services	141,825	111,724	(30,101)
Miscellaneous	3,004	4,280	1,276
<b>Total Revenues</b>	<b>6,015,244</b>	<b>5,931,864</b>	<b>(83,380)</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	131,673	130,933	740
Fringe Benefits	46,884	45,749	1,135
Purchased Services	1,000	0	1,000
Materials and Supplies	6,000	89	5,911
Capital Outlay	1,104	1,104	0
<b>Total Regular</b>	<b>186,661</b>	<b>177,875</b>	<b>8,786</b>
Vocational:			
Salaries and Wages	1,630,968	1,630,968	0
Fringe Benefits	603,242	576,641	26,601
Purchased Services	287,800	168,571	119,229
Materials and Supplies	585,104	428,726	156,378
Capital Outlay	545,332	392,015	153,317
Other	7,900	7,643	257
<b>Total Vocational</b>	<b>3,660,346</b>	<b>3,204,564</b>	<b>455,782</b>
Adult/Continuing:			
Purchased Services	53,370	53,370	0
Capital Outlay	361,029	106,376	254,653
<b>Total Adult/Continuing</b>	<b>414,399</b>	<b>159,746</b>	<b>254,653</b>
<b>Total Instruction</b>	<b>4,261,406</b>	<b>3,542,185</b>	<b>719,221</b>
Support Services:			
Pupils:			
Salaries and Wages	330,349	316,580	13,769
Fringe Benefits	174,505	162,322	12,183
Purchased Services	71,850	10,125	61,725
Materials and Supplies	14,050	2,140	11,910
Capital Outlay	3,886	3,886	0
Other	100	85	15
<b>Total Pupils</b>	<b>594,740</b>	<b>495,138</b>	<b>99,602</b>
Instructional Staff:			
Salaries and Wages	101,607	93,274	8,333
Fringe Benefits	40,480	38,959	1,521
Purchased Services	2,000	603	1,397
Materials and Supplies	16,000	5,232	10,768
Capital Outlay	500	226	274
<b>Total Instructional Staff</b>	<b>\$160,587</b>	<b>\$138,294</b>	<b>\$22,293</b>

*(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, 2018*  
*(continued)*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Board of Education:			
Salaries and Wages	\$12,600	\$4,875	\$7,725
Fringe Benefits	2,260	1,246	1,014
Purchased Services	25,390	18,082	7,308
Other	12,500	11,462	1,038
<b>Total Board of Education</b>	<b>52,750</b>	<b>35,665</b>	<b>17,085</b>
Administration:			
Salaries and Wages	347,009	339,408	7,601
Fringe Benefits	178,942	156,940	22,002
Purchased Services	12,000	7,269	4,731
Materials and Supplies	12,500	3,455	9,045
Capital Outlay	7,000	3,979	3,021
Other	950	896	54
<b>Total Administration</b>	<b>558,401</b>	<b>511,947</b>	<b>46,454</b>
Fiscal:			
Salaries and Wages	195,109	195,109	0
Fringe Benefits	73,943	73,943	0
Purchased Services	10,669	10,669	0
Materials and Supplies	1,617	1,617	0
Capital Outlay	1,083	1,083	0
Other	82,416	82,416	0
<b>Total Fiscal</b>	<b>364,837</b>	<b>364,837</b>	<b>0</b>
Business:			
Materials and Supplies	14,400	6,324	8,076
Other	100	64	36
<b>Total Business</b>	<b>14,500</b>	<b>6,388</b>	<b>8,112</b>
Operation and Maintenance of Plant:			
Salaries and Wages	215,718	215,718	0
Fringe Benefits	113,381	110,648	2,733
Purchased Services	178,568	125,648	52,920
Materials and Supplies	82,500	75,442	7,058
Capital Outlay	1,000	0	1,000
<b>Total Operation and Maintenance of Plant</b>	<b>591,167</b>	<b>527,456</b>	<b>63,711</b>
Pupil Transportation:			
Salaries and Wages	10,500	6,332	4,168
Fringe Benefits	1,940	985	955
Purchased Services	23,000	9,926	13,074
Materials and Supplies	16,000	7,202	8,798
Capital Outlay	50,000	0	50,000
<b>Total Pupil Transportation</b>	<b>101,440</b>	<b>24,445</b>	<b>76,995</b>
Central:			
Salaries and Wages	4,200	423	3,777
Fringe Benefits	633	84	549
Purchased Services	80,000	32,729	47,271
<b>Total Central</b>	<b>84,833</b>	<b>33,236</b>	<b>51,597</b>
<b>Total Support Services</b>	<b>\$2,523,255</b>	<b>\$2,137,406</b>	<b>\$385,849</b>

*(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, 2018*  
*(continued)*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Operation of Non-Instructional Services:			
Shared Services:			
Purchased Services	\$32,350	\$21,844	\$10,506
Materials and Supplies	8,000	0	8,000
Total Operation of Non-Instructional Services:	40,350	21,844	18,506
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Salaries and Wages	550	0	550
Fringe Benefits	99	0	99
Total Academic and Subject Oriented Activities	649	0	649
Occupational Oriented Activities:			
Salaries and Wages	9,900	6,850	3,050
Fringe Benefits	1,570	1,091	479
Total Occupational Oriented Activities	11,470	7,941	3,529
School and Public Service Co-Curricular Activities:			
Salaries and Wages	550	0	550
Fringe Benefits	88	0	88
Total School and Public Service Co-Curricular Activities	638	0	638
Total Extracurricular Activities	12,757	7,941	4,816
Capital Outlay:			
Site Improvement Services:			
Purchased Services	45,000	830	44,170
Capital Outlay	20,000	0	20,000
Total Capital Outlay	65,000	830	64,170
<i>Total Expenditures</i>	6,902,768	5,710,206	1,192,562
Excess of Revenues Over (Under) Expenditures	(887,524)	221,658	1,109,182
<b><i>Other Financing Sources (Uses):</i></b>			
Refund of Prior Year Expenditures	0	8,081	8,081
Refund of Prior Year Receipts	0	66	66
Advances In	25,000	0	(25,000)
Advances Out	0	(4,000)	(4,000)
Transfers Out	0	(350,000)	(350,000)
<i>Total Other Financing Sources (Uses)</i>	25,000	(345,853)	(370,853)
Net Change in Fund Balance	(862,524)	(124,195)	738,329
Fund Balance at Beginning of Year	5,466,868	5,466,868	0
Prior Year Encumbrances Appropriated	131,921	131,921	0
Fund Balance at End of Year	\$4,736,265	\$5,474,594	\$738,329

**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, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$658	\$658	\$0
<b>Expenditures:</b>			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	22,500	0	22,500
Materials and Supplies	551,504	120,085	431,419
<i>Total Expenditures</i>	<u>574,004</u>	<u>120,085</u>	<u>453,919</u>
Excess of Revenues Under Expenditures	<u>(573,346)</u>	<u>(119,427)</u>	<u>453,919</u>
<b>Other Financing Sources:</b>			
Refund of Prior Year Expenditures	0	53	53
Transfers In	157,500	157,500	0
<i>Total Other Financing Sources</i>	<u>157,500</u>	<u>157,553</u>	<u>53</u>
Net Change in Fund Balance	(415,846)	38,126	453,972
Fund Balance at Beginning of Year	1,372,499	1,372,499	0
Prior Year Encumbrances Appropriated	<u>1,503</u>	<u>1,503</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$958,156</u></u>	<u><u>\$1,412,128</u></u>	<u><u>\$453,972</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, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$641,500	\$623,424	(\$18,076)
Intergovernmental	96,810	96,717	(93)
Investment Earnings	80,000	120,294	40,294
Miscellaneous	2,500	2,085	(415)
<i>Total Revenues</i>	<u>820,810</u>	<u>842,520</u>	<u>21,710</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Vocational:			
Capital Outlay	442,000	47,442	394,558
Adult/Continuing:			
Capital Outlay	<u>163,000</u>	<u>92,631</u>	<u>70,369</u>
Total Instruction	<u>605,000</u>	<u>140,073</u>	<u>464,927</u>
Support Services:			
Instructional Staff:			
Capital Outlay	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Fiscal:			
Capital Outlay	22,525	19,531	2,994
Other	<u>3,000</u>	<u>2,965</u>	<u>35</u>
Total Fiscal	<u>25,525</u>	<u>22,496</u>	<u>3,029</u>
Operation and Maintenance of Plant:			
Capital Outlay	<u>44,752</u>	<u>25,608</u>	<u>19,144</u>
Pupil Transportation:			
Capital Outlay	<u>45,222</u>	<u>45,222</u>	<u>0</u>
Total Support Services	<u>125,499</u>	<u>93,326</u>	<u>32,173</u>
Operation of Non-Instructional Services:			
Food Service Operations:			
Capital Outlay	<u>34,689</u>	<u>7,618</u>	<u>27,071</u>
Capital Outlay:			
Site Improvement Services:			
Capital Outlay	<u>67,256</u>	<u>63,801</u>	<u>3,455</u>
Total Site Improvement Services	<u>\$67,256</u>	<u>\$63,801</u>	<u>\$3,455</u>

*(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, 2018*  
*(continued)*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Other Facilities Acquisition and Construction Services:			
Capital Outlay	\$69,444	\$69,444	\$0
Total Capital Outlay	<u>136,700</u>	<u>133,245</u>	<u>3,455</u>
Debt Service:			
Principal Retirement	404,558	404,558	0
Interest and Fiscal Charges	<u>54,322</u>	<u>54,322</u>	<u>0</u>
Total Debt Service	<u>458,880</u>	<u>458,880</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,360,768</u>	<u>833,142</u>	<u>527,626</u>
Excess of Revenues Over (Under) Expenditures	<u>(539,958)</u>	<u>9,378</u>	<u>549,336</u>
<b><i>Other Financing Sources (Uses):</i></b>			
Proceeds from Sale of Capital Assets	2,500	0	(2,500)
Transfers Out	<u>(157,500)</u>	<u>(157,500)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(155,000)</u>	<u>(157,500)</u>	<u>(2,500)</u>
Net Change in Fund Balance	(694,958)	(148,122)	546,836
Fund Balance at Beginning of Year	1,104,841	1,104,841	0
Prior Year Encumbrances Appropriated	<u>149,363</u>	<u>149,363</u>	<u>0</u>
Fund Balance at End of Year	<u>\$559,246</u>	<u>\$1,106,082</u>	<u>\$546,836</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, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$84,925	\$83,293	(\$1,632)
Investment Earnings	2,575	4,767	2,192
Customer Sales and Services	75,350	61,825	(13,525)
Miscellaneous	1,575	3,247	1,672
<b>Total Revenues</b>	<b>164,425</b>	<b>153,132</b>	<b>(11,293)</b>
<b>Expenditures:</b>			
Current:			
Operation of Non-Instructional Services:			
Food Service Operations:			
Salaries and Wages	83,050	75,345	7,705
Fringe Benefits	58,635	54,255	4,380
Purchased Services	3,900	2,848	1,052
Materials and Supplies	94,050	61,938	32,112
Capital Outlay	3,000	194	2,806
Other	125	54	71
<b>Total Expenditures</b>	<b>242,760</b>	<b>194,634</b>	<b>48,126</b>
Excess of Revenues Under Expenditures	(78,335)	(41,502)	36,833
<b>Other Financing Sources:</b>			
Transfers In	40,000	50,000	10,000
Net Change in Fund Balance	(38,335)	8,498	46,833
Fund Balance at Beginning of Year	428,857	428,857	0
Fund Balance at End of Year	<u>\$390,522</u>	<u>\$437,355</u>	<u>\$46,833</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, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$61,500	\$60,180	(\$1,320)
Tuition and Fees	121,000	160,809	39,809
<i>Total Revenues</i>	<u>182,500</u>	<u>220,989</u>	<u>38,489</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Adult/Continuing:			
Salaries and Wages	199,105	162,099	37,006
Fringe Benefits	38,354	36,910	1,444
Purchased Services	51,050	37,255	13,795
Materials and Supplies	65,804	65,804	0
Capital Outlay	73,891	73,891	0
Total Instruction	<u>428,204</u>	<u>375,959</u>	<u>52,245</u>
Support Services:			
Administration:			
Salaries and Wages	93,370	82,261	11,109
Fringe Benefits	53,557	53,557	0
Purchased Services	1,000	793	207
Materials and Supplies	1,500	702	798
Capital Outlay	10,953	10,953	0
Total Administration	<u>160,380</u>	<u>148,266</u>	<u>12,114</u>
Business:			
Other	<u>850</u>	<u>491</u>	<u>359</u>
Total Support Services	<u>161,230</u>	<u>148,757</u>	<u>12,473</u>
<i>Total Expenditures</i>	<u>589,434</u>	<u>524,716</u>	<u>64,718</u>
Excess of Revenues Under Expenditures	(406,934)	(303,727)	103,207
<b>Other Financing Sources:</b>			
Transfers In	<u>55,000</u>	<u>300,000</u>	<u>245,000</u>
Net Change in Fund Balance	(351,934)	(3,727)	348,207
Fund Balance at Beginning of Year	<u>716,415</u>	<u>716,415</u>	<u>0</u>
Fund Balance at End of Year	<u>\$364,481</u>	<u>\$712,688</u>	<u>\$348,207</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, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$29,272	\$16,550	(\$12,722)
<b>Expenditures:</b>			
Current:			
Instruction:			
Vocational:			
Materials and Supplies	7,999	7,999	0
Support Services:			
Pupils:			
Salaries and Wages	13,750	4,307	9,443
Fringe Benefits	2,525	1,159	1,366
Purchased Services	2,951	305	2,646
Materials and Supplies	1,100	801	299
Total Support Services	20,326	6,572	13,754
<i>Total Expenditures</i>	28,325	14,571	13,754
Net Change in Fund Balance	947	1,979	1,032
Fund Balance at Beginning of Year	102,497	102,497	0
Prior Year Encumbrances Appropriated	1,000	1,000	0
Fund Balance at End of Year	<u>\$104,444</u>	<u>\$105,476</u>	<u>\$1,032</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, 2018*

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Technical Preparation Grant Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$4,000	\$0	(\$4,000)
<b>Expenditures:</b>			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	2,000	2,000	0
Fringe Benefits	308	308	0
Capital Outlay	1,692	1,692	0
<i>Total Expenditures</i>	4,000	4,000	0
Excess of Revenues Under Expenditures	0	(4,000)	(4,000)
<b>Other Financing Sources:</b>			
Advances In	0	4,000	4,000
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**

*Schedule of Revenues, Expenditures and Changes*

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

*Straight A Grant Fund*

*For the Fiscal Year Ended June 30, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b><i>Revenues</i></b>			
Intergovernmental	\$21,949	\$21,949	\$0
<b><i>Expenditures</i></b>			
Current:			
Instruction:			
Vocational:			
Capital Outlay	21,949	21,949	0
<b><i>Total Expenditures</i></b>	21,949	21,949	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL**

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

*For the Fiscal Year Ended June 30, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$147,246	\$150,664	\$3,418
<b>Expenditures:</b>			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	32,500	39,122	(6,622)
Fringe Benefits	5,400	3,994	1,406
Purchased Services	8,140	8,288	(148)
Total Vocational	46,040	51,404	(5,364)
Support Services:			
Pupils:			
Salaries and Wages	73,176	68,313	4,863
Fringe Benefits	28,744	31,809	(3,065)
Purchased Services	596	1,674	(1,078)
Total Pupils	102,516	101,796	720
<b>Total Expenditures</b>	<b>148,556</b>	<b>153,200</b>	<b>(4,644)</b>
Net Change in Fund Balance	(1,310)	(2,536)	(1,226)
Fund Balance at Beginning of Year	1,951	1,951	0
Fund Balance (Deficit) at End of Year	\$641	(\$585)	(\$1,226)

**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, 2018*

	Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$37,647	\$37,647	\$0
<b>Expenditures:</b>			
Current:			
Instruction:			
Vocational:			
Capital Outlay	<u>37,647</u>	<u>37,647</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

# **STATISTICAL SECTION**

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## Statistical Section

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

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

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

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><i>Governmental Activities</i></b>				
Net Investment in Capital Assets	\$10,713,407	\$11,273,914	\$11,453,323	\$11,152,795
Restricted for:				
Capital Outlay	2,314,245	1,978,126	1,826,476	1,913,155
Food Service	326,565	333,642	346,944	366,860
Adult Education	590,832	574,574	559,411	547,840
Classroom Facilities	776,650	889,839	947,346	1,023,516
Renewed Opportunity	0	0	0	0
Other Purposes	253,149	256,845	260,954	114,341
Set-Asides	20,297	20,297	20,297	20,297
Unrestricted (Deficit)	<u>2,828,394</u>	<u>2,486,660</u>	<u>2,718,306</u>	<u>3,404,200</u>
<i>Total Governmental Activities Net Position</i>	<u>17,823,539</u>	<u>17,813,897</u>	<u>18,133,057</u>	<u>18,543,004</u>
Net Investment in Capital Assets	10,713,407	11,273,914	11,453,323	11,152,795
Restricted	4,281,738	4,053,323	3,961,428	3,986,009
Unrestricted	<u>2,828,394</u>	<u>2,486,660</u>	<u>2,718,306</u>	<u>3,404,200</u>
<i>Total Net Position</i>	<u><u>\$17,823,539</u></u>	<u><u>\$17,813,897</u></u>	<u><u>\$18,133,057</u></u>	<u><u>\$18,543,004</u></u>

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

Note: The School District reported the impact of GASB Statement No. 75 in fiscal year 2018.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>(Restated) 2017</u>	<u>2018</u>
\$10,920,884	\$10,799,227	\$10,433,001	\$10,592,962	\$11,007,390	\$12,101,312
1,762,821	1,291,857	1,939,605	1,969,956	2,021,561	2,007,786
360,187	382,291	381,325	434,209	431,763	445,922
551,272	607,718	630,819	667,601	708,531	697,998
1,128,924	1,230,377	1,323,268	1,427,634	1,374,076	1,471,886
0	0	0	0	0	108,672
105,267	119,828	118,822	105,857	103,497	1,800
20,297	20,297	20,297	20,297	20,297	20,297
4,004,277	(2,430,324)	(1,789,126)	(1,307,601)	(1,641,775)	(421,996)
<u>18,853,929</u>	<u>12,021,271</u>	<u>13,058,011</u>	<u>13,910,915</u>	<u>14,025,340</u>	<u>16,433,677</u>
10,920,884	10,799,227	10,433,001	10,592,962	11,007,390	12,101,312
3,928,768	3,652,368	4,414,136	4,625,554	4,659,725	4,754,361
4,004,277	(2,430,324)	(1,789,126)	(1,307,601)	(1,641,775)	(421,996)
<u>\$18,853,929</u>	<u>\$12,021,271</u>	<u>\$13,058,011</u>	<u>\$13,910,915</u>	<u>\$14,025,340</u>	<u>\$16,433,677</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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

	2009	2010	2011	2012
<b>Expenses</b>				
Governmental Activities:				
Instruction:				
Regular	\$237,367	\$181,620	\$57,291	\$152,860
Special	32,077	21,411	6,026	36,354
Vocational	3,816,451	3,804,402	3,996,183	3,339,083
Adult/Continuing	185,832	143,751	131,893	136,322
Support Services:				
Pupils	368,491	465,322	479,865	529,312
Instructional Staff	209,203	204,486	137,404	102,743
Board of Education	45,910	39,158	43,055	33,941
Administration	616,272	638,304	641,907	631,008
Fiscal	382,329	380,855	378,024	372,494
Business	17,642	5,428	5,259	4,285
Operation and Maintenance of Plant	566,361	536,054	366,483	583,300
Pupil Transportation	29,351	41,339	30,566	42,481
Central	41,162	41,114	62,842	55,466
Operation of Non-Instructional Services:				
Food Service Operations	277,097	296,061	257,863	215,020
Extracurricular Activities	5,149	10,728	9,560	8,879
Interest and Fiscal Charges	28,234	47,875	25,995	26,067
<b>Total Governmental Activities Expenses</b>	<b>6,858,928</b>	<b>6,857,908</b>	<b>6,630,216</b>	<b>6,269,615</b>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Sales:				
Instruction:				
Regular	3,519	300	331	110,104
Vocational	83,129	72,632	66,616	0
Adult/Continuing	74,053	72,220	60,023	46,730
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	51,469	50,196	64,485	54,641
Business	18,360	10,575	195	128
Operation and Maintenance of Plant	550	876	899	334
Operation of Non-Instructional Services	98,572	91,852	80,997	82,285
Operating Grants, Contributions and Interest	1,456,336	1,460,730	1,477,853	1,488,410
Capital Grants, Contributions and Interest	0	7,500	0	0
<b>Total Governmental Activities Program Revenues</b>	<b>1,785,988</b>	<b>1,766,881</b>	<b>1,751,399</b>	<b>1,782,632</b>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	<u>(5,072,940)</u>	<u>(5,091,027)</u>	<u>(4,878,817)</u>	<u>(4,486,983)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	1,685,650	1,576,060	1,694,364	1,643,652
Other Purposes	0	0	157,500	157,500
Capital Outlay	624,312	578,934	471,900	451,520
Grants and Entitlements not				
Restricted to Specific Programs	2,602,104	2,758,836	2,755,127	2,564,226
Investment Earnings	317,305	161,092	115,320	75,298
Contributions and Donations	23	0	0	843
Gain on Sale of Capital Assets	0	432	0	0
Miscellaneous	2,663	6,031	3,766	3,891
<b>Total Governmental Activities</b>	<b>5,232,057</b>	<b>5,081,385</b>	<b>5,197,977</b>	<b>4,896,930</b>
<b>Change in Net Position</b>				
Governmental Activities	<u>\$159,117</u>	<u>(\$9,642)</u>	<u>\$319,160</u>	<u>\$409,947</u>

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

Note: The School District reported the impact of GASB Statement No. 75 in fiscal year 2018.

2013	2014	2015	2016	2017	2018
\$159,402	\$163,092	\$169,307	\$185,388	\$197,227	\$76,106
4,253	4,379	4,415	4,657	4,684	2,250
3,489,180	3,724,006	3,330,919	3,244,314	4,253,214	1,716,755
112,956	111,592	116,371	125,953	433,942	29,592
522,683	516,380	516,671	626,478	642,236	167,879
105,313	39,359	154,233	144,622	158,977	137,746
37,359	70,225	80,301	79,699	63,146	76,453
636,988	620,411	599,256	653,234	701,214	268,367
395,409	394,736	397,667	409,053	447,601	340,923
5,592	5,376	5,156	6,963	8,662	6,879
555,620	562,140	554,457	588,726	749,434	604,045
32,688	40,019	42,859	81,426	29,092	35,520
42,520	41,146	28,544	33,370	31,270	33,318
219,612	222,200	262,717	273,821	280,316	239,111
8,948	8,167	10,472	7,637	7,065	7,245
25,923	83,373	66,671	60,286	59,319	54,139
<u>6,354,446</u>	<u>6,606,601</u>	<u>6,340,016</u>	<u>6,525,627</u>	<u>8,067,399</u>	<u>3,796,328</u>
110,291	250,204	337,450	434,585	433,759	407,333
1,101,628	0	0	1,935	3,753	0
41,144	62,349	77,180	63,425	67,303	115,587
335	0	0	7,765	6,847	0
0	0	70	0	0	0
43,401	38,839	33,409	24,872	29,148	45,073
156	53	101	198	193	149
1,305	22,367	52,865	53,300	52,125	52,365
82,444	67,559	76,520	88,363	79,036	61,825
1,419,059	1,204,230	1,244,896	1,725,831	2,261,943	1,669,239
0	0	0	0	0	0
<u>2,799,763</u>	<u>1,645,601</u>	<u>1,822,491</u>	<u>2,400,274</u>	<u>2,934,107</u>	<u>2,351,571</u>
<u>(3,554,683)</u>	<u>(4,961,000)</u>	<u>(4,517,525)</u>	<u>(4,125,353)</u>	<u>(5,133,292)</u>	<u>(1,444,757)</u>
1,736,555	1,787,398	1,812,733	1,699,741	1,915,164	2,155,618
157,500	157,500	157,500	157,500	157,500	157,500
474,821	486,077	504,228	437,869	508,030	593,682
2,503,724	2,610,795	2,975,484	2,509,346	2,507,344	2,536,973
80,313	78,205	88,813	163,865	131,804	175,471
90	0	50	0	0	0
0	0	0	0	0	0
25,262	22,822	15,457	9,936	27,875	18,757
<u>4,978,265</u>	<u>5,142,797</u>	<u>5,554,265</u>	<u>4,978,257</u>	<u>5,247,717</u>	<u>5,638,001</u>
<u>\$1,423,582</u>	<u>\$181,797</u>	<u>\$1,036,740</u>	<u>\$852,904</u>	<u>\$114,425</u>	<u>\$4,193,244</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Program Revenues by Function, Governmental Activities

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><i>Governmental Activities</i></b>				
Instruction:				
Regular	\$3,519	\$300	\$331	\$110,104
Special	175,078	165,032	147,190	147,190
Vocational	1,040,134	1,042,054	1,066,208	1,043,241
Adult/Continuing	111,165	101,999	90,847	76,462
Support Services:				
Pupils	148,932	149,687	151,113	126,569
Instructional Staff	9,563	8,157	8,490	7,579
Administration	77,263	80,565	97,601	89,406
Business	18,471	10,607	295	209
Operation and Maintenance of Plant	550	8,376	899	334
Pupil Transportation	1,472	0	0	0
Central	5,000	5,000	5,000	0
Operation of Non-Instructional Services	194,841	195,104	183,425	181,538
<b><i>Total Program Revenues</i></b>	<u><u>\$1,785,988</u></u>	<u><u>\$1,766,881</u></u>	<u><u>\$1,751,399</u></u>	<u><u>\$1,782,632</u></u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$110,291	\$250,374	\$337,450	\$434,585	\$433,759	\$407,333
147,190	184,345	239,148	315,650	374,411	304,481
998,305	760,206	721,002	1,105,951	1,610,767	1,101,628
53,527	104,481	124,903	108,574	111,254	158,844
113,697	121,079	120,903	139,214	119,756	105,743
4,201	3,324	2,944	2,804	3,285	1,800
77,565	65,084	54,066	42,577	48,182	61,940
279	89	163	339	319	205
1,305	22,367	52,865	53,300	153,338	52,365
0	0	457	0	0	0
0	0	0	0	0	0
<u>180,746</u>	<u>134,252</u>	<u>168,570</u>	<u>197,280</u>	<u>79,036</u>	<u>157,232</u>
<u><u>\$1,687,106</u></u>	<u><u>\$1,645,601</u></u>	<u><u>\$1,822,471</u></u>	<u><u>\$2,400,274</u></u>	<u><u>\$2,934,107</u></u>	<u><u>\$2,351,571</u></u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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

	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012</u>
<b>General Fund</b>				
Reserved	\$607,520	\$0	\$0	\$0
Unreserved	2,548,635	0	0	0
Nonspendable	0	261,828	264,130	204,367
Restricted	0	0	0	0
Committed	0	332,892	173,474	182,435
Assigned	0	0	66,402	88,520
Unassigned	0	2,410,365	2,658,281	3,170,458
<b>Total General Fund</b>	<u>3,156,155</u>	<u>3,005,085</u>	<u>3,162,287</u>	<u>3,645,780</u>
<b>All Other Governmental Funds</b>				
Reserved	196,433	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,928,176	0	0	0
Capital Projects Funds	3,316,853	0	0	0
Nonspendable	0	8,609	2,314	2,298
Restricted	0	5,033,698	4,999,848	4,995,532
Unassigned (Deficit)	0	0	(30,030)	0
<b>Total All Other Governmental Funds</b>	<u>5,441,462</u>	<u>5,042,307</u>	<u>4,972,132</u>	<u>4,997,830</u>
<b>Total Governmental Funds</b>	<u><u>\$8,597,617</u></u>	<u><u>\$8,047,392</u></u>	<u><u>\$8,134,419</u></u>	<u><u>\$8,643,610</u></u>

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



<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
207,426	209,963	208,690	208,198	212,433	207,706
20,297	20,297	20,297	20,297	20,297	20,297
323,401	323,492	321,692	380,675	443,865	465,220
116,652	100,761	112,018	150,245	855,296	1,399,096
<u>3,626,998</u>	<u>4,119,226</u>	<u>4,643,259</u>	<u>4,967,297</u>	<u>4,189,530</u>	<u>4,158,323</u>
<u>4,294,774</u>	<u>4,773,739</u>	<u>5,305,956</u>	<u>5,726,712</u>	<u>5,721,421</u>	<u>6,250,642</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,757	1,905	1,905	1,905	2,338	2,840
4,252,923	3,835,449	4,344,795	4,549,863	4,557,797	4,679,149
<u>0</u>	<u>0</u>	<u>0</u>	<u>(136)</u>	<u>(12,856)</u>	<u>(19,775)</u>
<u>4,254,680</u>	<u>3,837,354</u>	<u>4,346,700</u>	<u>4,551,632</u>	<u>4,547,279</u>	<u>4,662,214</u>
<u>\$8,549,454</u>	<u>\$8,611,093</u>	<u>\$9,652,656</u>	<u>\$10,278,344</u>	<u>\$10,268,700</u>	<u>\$10,912,856</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Changes in Fund Balances

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2009	2010	2011	2012
<b>Revenues</b>				
Property Taxes	\$2,292,186	\$2,158,783	\$2,313,887	\$2,250,904
Intergovernmental	4,094,701	4,210,829	4,188,961	4,093,396
Investment Earnings	352,596	156,289	144,960	71,088
Tuition and Fees	144,670	132,991	134,985	117,504
Rent	550	876	899	334
Customer Sales and Services	184,432	164,784	137,662	176,384
Contributions and Donations	23	7,665	54	1,143
Miscellaneous	2,663	6,031	3,766	3,891
<b>Total Revenues</b>	<b>7,071,821</b>	<b>6,838,248</b>	<b>6,925,174</b>	<b>6,714,644</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	235,772	183,210	161,949	141,918
Special	29,250	19,533	1,876	0
Vocational	3,614,713	3,671,523	3,646,856	3,115,819
Adult/Continuing	188,290	142,655	131,838	133,160
Support Services:				
Pupils	356,036	453,373	463,416	502,512
Instructional Staff	203,977	202,249	135,283	100,489
Board of Education	45,750	39,025	42,922	33,808
Administration	605,068	643,374	697,582	613,394
Fiscal	361,225	411,034	364,758	363,043
Business	17,642	5,428	5,259	4,285
Operation and Maintenance of Plant	552,832	536,747	562,713	546,827
Pupil Transportation	51,573	37,107	26,334	38,995
Central	41,016	41,036	62,764	55,388
Operation of Non-Instructional Services	341,669	311,269	260,316	182,748
Extracurricular Activities	5,149	10,728	9,560	8,879
Capital Outlay	424,236	403,242	91,205	121,465
Debt Service:				
Principal	197,747	205,457	213,528	221,978
Interest and Fiscal Charges	25,996	25,995	25,995	25,995
<b>Total Expenditures</b>	<b>7,297,941</b>	<b>7,342,985</b>	<b>6,904,154</b>	<b>6,210,703</b>
Excess of Revenues Over (Under) Expenditures	(226,120)	(504,737)	21,020	503,941
<b>Other Financing Sources (Uses)</b>				
Tax Anticipation Notes Issued	0	0	0	0
Proceeds from Sale of Capital Assets	12,354	3,415	17,104	5,250
Transfers In	296,500	341,315	120,000	125,000
Transfers Out	(296,500)	(341,315)	(120,000)	(125,000)
<b>Total Other Financing Sources (Uses)</b>	<b>12,354</b>	<b>3,415</b>	<b>17,104</b>	<b>5,250</b>
<b>Net Change in Fund Balances</b>	<b>(\$213,766)</b>	<b>(\$501,322)</b>	<b>\$38,124</b>	<b>\$509,191</b>
Debt Service as a Percentage of Noncapital Expenditures	3.3%	3.3%	3.5%	4.1%

2013	2014	2015	2016	2017	2018
\$2,352,213	\$2,415,676	\$2,478,525	\$2,275,158	\$2,624,728	\$2,900,848
3,918,647	3,803,719	4,228,849	4,226,112	4,760,683	4,206,198
125,022	74,635	95,490	162,963	119,583	168,339
85,933	261,999	287,134	384,707	395,494	477,392
1,305	22,367	52,865	53,300	52,125	52,365
180,809	157,005	237,596	236,436	224,545	173,549
90	170	50	0	0	0
25,262	22,822	15,457	9,936	27,875	18,757
<u>6,689,281</u>	<u>6,758,393</u>	<u>7,395,966</u>	<u>7,348,612</u>	<u>8,205,033</u>	<u>7,997,448</u>
143,895	146,010	158,882	171,112	172,860	179,314
0	0	0	0	0	0
2,956,946	3,099,298	2,919,331	2,849,747	3,693,383	3,170,732
110,828	109,378	115,497	127,610	614,964	610,396
508,742	499,089	517,104	613,023	600,869	609,095
102,259	36,108	133,608	138,977	143,976	140,990
37,226	55,273	37,196	36,676	39,708	33,015
596,130	630,082	601,136	649,861	656,393	651,065
385,841	381,710	391,473	396,843	422,690	384,800
5,592	5,376	5,156	6,938	8,662	6,879
520,692	525,213	525,486	549,372	731,979	601,068
30,246	37,577	41,147	75,854	34,985	69,541
42,443	41,068	28,466	33,292	30,791	33,240
187,009	191,765	234,407	243,100	242,492	218,164
8,948	8,167	10,472	7,637	7,065	7,245
897,003	2,433,356	138,472	319,437	281,594	87,568
230,825	418,135	448,167	447,806	479,452	495,858
25,995	79,149	70,014	60,323	59,504	54,322
<u>6,790,620</u>	<u>8,696,754</u>	<u>6,376,014</u>	<u>6,727,608</u>	<u>8,221,367</u>	<u>7,353,292</u>
<u>(101,339)</u>	<u>(1,938,361)</u>	<u>1,019,952</u>	<u>621,004</u>	<u>(16,334)</u>	<u>644,156</u>
0	2,000,000	0	0	0	0
7,183	0	21,611	4,684	6,690	0
110,000	135,000	40,124	130,000	80,000	350,000
<u>(110,000)</u>	<u>(135,000)</u>	<u>(40,124)</u>	<u>(130,000)</u>	<u>(80,000)</u>	<u>(350,000)</u>
<u>7,183</u>	<u>2,000,000</u>	<u>21,611</u>	<u>4,684</u>	<u>6,690</u>	<u>0</u>
<u>(\$94,156)</u>	<u>\$61,639</u>	<u>\$1,041,563</u>	<u>\$625,688</u>	<u>(\$9,644)</u>	<u>\$644,156</u>
4.4%	7.9%	8.3%	8.3%	7.3%	9.3%

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Assessed and Estimated Actual Value of Taxable Property

Last Ten Collection (Calendar) Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
2009	\$652,578,070	\$65,877,200	\$2,052,729,343	\$32,343,540	\$40,429,425
2010	687,771,430	66,869,190	2,156,116,057	37,543,190	46,928,988
2011	690,988,760	66,056,580	2,162,986,686	40,091,590	50,114,488
2012	693,949,090	65,050,530	2,168,570,343	42,131,110	52,663,888
2013	680,313,300	67,713,150	2,137,218,429	42,636,310	53,295,388
2014	684,468,060	67,991,900	2,149,885,600	46,175,600	57,719,500
2015	688,713,820	65,487,790	2,154,861,743	47,497,570	59,371,963
2016	777,254,090	66,371,710	2,410,359,429	46,851,370	58,564,213
2017	784,846,626	67,043,774	2,433,972,571	51,248,400	64,060,500
2018	763,595,760	17,055,167	2,230,431,220	53,812,800	67,266,000

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

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

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

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

Tangible Personal Property		Total		Ratio	Weighted Average Tax Rate
General Business		Assessed Value	Estimated Actual Value		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$1,715,740	\$27,451,840	\$752,514,550	\$2,120,610,608	35.49%	\$3.26
857,870	13,725,920	793,041,680	2,216,770,965	35.77%	3.27
0	0	797,136,930	2,213,101,174	36.02%	3.27
0	0	801,130,730	2,221,234,231	36.05%	3.28
0	0	790,662,760	2,190,513,816	36.11%	3.29
0	0	798,635,560	2,207,605,100	36.18%	3.29
0	0	801,699,180	2,214,233,705	36.21%	3.30
0	0	890,477,170	2,468,923,642	36.07%	3.28
0	0	903,138,800	2,498,033,071	36.15%	3.29
0	0	834,463,727	2,297,697,220	36.32%	3.29

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

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

Direct and Overlapping Governments

Last Ten Collection (Calendar) Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Voted Millage</b>				
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>
<b>Total School District Millage</b>	<u><u>6.40</u></u>	<u><u>6.40</u></u>	<u><u>6.40</u></u>	<u><u>6.40</u></u>
<b>Weighted Average</b>	<u><u>3.26</u></u>	<u><u>3.27</u></u>	<u><u>3.27</u></u>	<u><u>3.28</u></u>
<b>Overlapping Rates by Taxing District</b>				
<b>County Units</b>	1.00 - 4.35	1.00 - 4.35	1.00 - 4.35	1.00 - 4.35
<b>School Districts</b>	22.75 - 40.20	22.75 - 40.20	22.75 - 39.80	22.75 - 39.80
<b>Corporations</b>	0.50 - 21.90	0.50 - 18.10	0.50 - 18.10	0.50 - 18.10
<b>Townships</b>	1.80 - 8.50	1.05 - 8.50	1.05 - 8.50	1.05 - 8.00
<b>Other Units</b>				
Library	0.35	0.35	0.35	0.35
Mental Health (Highland County)	1.00	1.00	1.00	1.00

Source: Brown County Auditor and Ohio Department of Taxation

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

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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>3.29</u>	<u>3.29</u>	<u>3.30</u>	<u>3.28</u>	<u>3.29</u>	<u>3.29</u>
1.00 - 4.35	1.00 - 4.35	1.00 - 4.35	0.80 - 3.80	0.80 - 3.80	0.80 - 3.80
22.90 - 39.70	23.00 - 39.70	23.00 - 39.70	23.00 - 48.58	23.00 - 48.55	23.00 - 48.55
0.50 - 18.10	0.00 - 18.10	0.00 - 18.10	0.50 - 5.00	0.50 - 5.00	0.50 - 5.00
1.05 - 8.00	1.05 - 8.00	1.05 - 8.00	0.10 - 3.00	0.12 - 3.50	0.12 - 3.50
0.35	0.35	0.50	0.50	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
2009	\$2,359,488	\$1,797,396	76.18%	\$127,624	\$1,925,020	81.59%
2010	2,251,090	1,812,405	80.51	156,282	1,968,687	87.45
2011	2,011,064	1,771,843	88.10	170,632	1,942,475	96.59
2012	1,997,126	1,754,995	87.88	173,187	1,928,182	96.55
2013	2,077,614	1,829,727	88.07	180,174	2,009,901	96.74
2014	2,119,483	2,010,106	94.84	155,021	2,165,127	102.15
2015	2,310,425	1,949,524	84.38	127,543	2,077,067	89.90
2016	1,999,785	1,901,397	95.08	137,997	2,039,394	101.98
2017	2,412,037	2,173,045	90.09	161,798	2,334,843	96.80
2018	2,338,230	2,183,532	93.38	123,003	2,306,535	98.64

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

2018 and 2009 (Calendar Years)

Name of Taxpayer	2018	
	Assessed Value	Percent of Real and Personal Property Assessed Value
Cincinnati Gas and Electric	\$35,549,700	4.26%
Columbus and Southern Ohio Electric Company	6,680,700	0.80%
Ohio Valley Manor	2,241,010	0.27%
Kroger Limited Partnership	1,827,160	0.22%
Dayton Power and Light	1,789,670	0.21%
Gateway to Mt. Orab	1,668,180	0.20%
Milacron LLC	1,458,270	0.17%
Sroufe Dolores	1,390,500	0.17%
Davon Incorporated	1,265,880	0.15%
Reyton Georgetown	1,113,210	0.13%
Totals	<u>\$54,984,280</u>	<u>6.59%</u>
Total Assessed Valuation	<u>\$834,463,727</u>	<u>100.00%</u>
Name of Taxpayer	2009	
	Assessed Value	Percent of Real and Personal Property Assessed Value
Kroger Limited Partnership	\$5,769,657	0.77%
Mac Tool, Inc.	5,158,914	0.69%
Ohio Valley Manor	5,132,371	0.68%
Cincinnati Milacron	4,805,114	0.64%
Sterling Group	4,000,000	0.53%
Reyton Georgetown	3,265,942	0.43%
Ripley Federal Savings	2,590,914	0.34%
Ripley Foundation	2,564,542	0.34%
Crout Properties, LTD	2,229,571	0.30%
Barry Burkenmeier	1,990,400	0.26%
Totals	<u>\$37,507,425</u>	<u>4.98%</u>
Total Assessed Valuation	<u>\$752,514,550</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
2009	42,104	\$735,009,528	\$366,668	\$0	\$3,301,583
2010	42,104	735,009,528	333,335	0	3,129,459
2011	44,846	904,409,282	300,002	0	2,949,264
2012	44,846	904,409,282	266,669	0	2,760,619
2013	44,846	904,409,282	233,336	0	2,563,127
2014	44,846	904,409,282	200,003	1,821,951	2,356,374
2015	44,846	904,409,282	166,670	1,623,566	2,139,925
2016	44,846	904,409,282	133,333	1,435,696	1,913,326
2017	44,846	904,409,282	100,000	1,226,802	1,676,101
2018	44,846	904,409,282	66,667	1,012,626	1,427,752

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

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<u>Total Debt</u>	<u>Ratio of General Debt to Estimated Actual Value</u>	<u>General Debt Per Capita</u>	<u>Percentage of Personal Income</u>
\$3,668,251	0.17%	\$87.12	0.50%
3,462,794	0.16%	82.24	0.47
3,249,266	0.15%	72.45	0.36
3,027,288	0.14%	67.50	0.34
2,796,463	0.13%	62.36	0.34
4,378,328	0.20%	97.63	0.48
3,930,161	0.18%	87.64	0.43
3,482,355	0.14%	77.65	0.39
3,002,903	0.12%	66.96	0.33
2,507,045	0.11%	55.90	0.28

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Legal Debt Margin  
Last Ten Fiscal Years

	<u>2009 (3)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Valuation (1)	\$752,514,550	\$793,041,680	\$797,136,930	\$801,130,730
Less:				
General Business Personal Property	(1,715,740)	(857,870)	0	0
Railroad and Telephone Tangible Property	<u>(1,275,440)</u>	<u>(224,730)</u>	<u>(220,830)</u>	<u>0</u>
Total Assessed Valuation used to calculate Legal Debt Margin	<u>\$749,523,370</u>	<u>\$791,959,080</u>	<u>\$796,916,100</u>	<u>\$801,130,730</u>
Debt Limit - 9% of Assessed Value (2)	\$67,457,103	\$71,276,317	\$71,722,449	\$72,101,766
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$67,457,103</u>	<u>\$71,276,317</u>	<u>\$71,722,449</u>	<u>\$72,101,766</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)	\$749,523	\$791,959	\$796,916	\$801,131
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$749,523</u>	<u>\$791,959</u>	<u>\$796,916</u>	<u>\$801,131</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$790,662,760	\$798,635,560	\$801,699,180	\$890,477,170	\$903,138,800	\$834,463,727
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$790,662,760</u>	<u>\$798,635,560</u>	<u>\$801,699,180</u>	<u>\$890,477,170</u>	<u>\$903,138,800</u>	<u>\$834,463,727</u>
\$71,159,648	\$71,877,200	\$72,152,926	\$80,142,945	\$81,282,492	\$75,101,735
0	0	0	0	0	0
<u>\$71,159,648</u>	<u>\$71,877,200</u>	<u>\$72,152,926</u>	<u>\$80,142,945</u>	<u>\$81,282,492</u>	<u>\$75,101,735</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$790,663	\$798,636	\$801,699	\$890,477	\$903,139	\$834,464
0	0	0	0	0	0
<u>\$790,663</u>	<u>\$798,636</u>	<u>\$801,699</u>	<u>\$890,477</u>	<u>\$903,139</u>	<u>\$834,464</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, 2018

	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	\$66,667	100.00%	\$66,667
Tax Anticipation Notes	1,012,626	100.00	1,012,626
Capital Lease Obligation	1,427,752	100.00	1,427,752
Total Direct	<u>2,507,045</u>	100.00	<u>2,507,045</u>
Overlapping:			
Eastern Local School District			
General Obligation Bonds	4,990,000	100.00	4,990,000
Bright Local School District			
General Obligation Bonds	1,034,999	100.00	1,034,999
Capital Lease Obligation	147,829	100.00	147,829
Fayetteville Perry Local School District			
General Obligation Bonds	5,175,000	100.00	5,175,000
Ripley Union Lewis Huntington Local School District			
General Obligation Bonds	1,385,000	100.00	1,385,000
Capital Lease Obligation	215,000	100.00	215,000
Western Brown Local School District			
General Obligation Bonds	1,345,000	100.00	1,345,000
Capital Lease Obligation	119,000	100.00	119,000
Georgetown Exempted Village School District			
General Obligation Bonds	2,789,996	100.00	2,789,996
Certificates of Participation	288,000	100.00	288,000
Total Overlapping	<u>17,489,824</u>		<u>17,489,824</u>
Total	<u><u>\$19,996,869</u></u>		<u><u>\$19,996,869</u></u>

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>
2009	42,104	\$735,009,528	\$17,457	\$38,189	13.70%
2010	42,104	735,009,528	17,457	38,189	11.90
2011	44,846	896,426,694	19,989	44,796	10.40
2012	44,846	904,409,282	20,167	45,887	7.70
2013	44,846	904,409,282	20,167	46,865	7.40
2014	44,846	904,409,282	20,167	45,807	5.20
2015	44,846	904,409,282	20,167	46,984	5.10
2016	44,846	904,409,282	20,167	45,887	5.00
2017	44,846	904,409,282	20,167	45,887	5.80
2018	44,846	904,409,282	20,167	47,999	4.90

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  
2018 and 2009

2018

Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employees
Western Brown Local School District	School	380	1	6.10 %
Kroger	Retail Grocer	300	2	4.81
Brown County Government	Government	290	3	4.65
Cincinnati Milacron	Plastic Injection	250	4	4.01
Ohio Valley Manor	Healthcare	240	5	3.85
Southern Ohio Veteran's Home	Healthcare	200	6	3.21
P.J. Trailers	Trailers	175	7	2.81
Health Source of Ohio	Health Care	115	8	1.85
Rumpke	Waste Removal	110	9	1.77
Stanley Mechanics	Toolboxes	110	10	1.77
Total Employees from Top Ten Employers		2,170		34.83
All Other Employers		4,061		65.17
Total Employees		6,231		100.00 %

2009

Employer	Nature of Business	Number of Employees	Rank
Western Brown Local School District	School	517	1
Brown County General Hospital	Health Care	300	2
Brown County Government	Government	290	3
Kroger	Retail Grocer	287	4
Ohio Valley Manor	Healthcare	240	5
Southern Ohio Veterans' Home	Health Care	205	6
Cincinnati Milacron	Plastic Injection	175	7
McDonalds	Fast Food	127	8
PCP Champion	Surgical Appliance	120	9
Rumpke	Waste Removal	107	10
Total		2,368	

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>
2009	10.4
2010	8.8
2011	10.6
2012	12.4
2013	13.5
2014	11.0
2015	12.9
2016	14.2
2017	14.3
2018	12.4

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

	2009	2010	2011	2012
<i>Governmental Activities</i>				
Instruction (1):				
Regular	2	2	2	2
Vocational	34	35	31	27
Adult/Continuing	3	3	3	3
Support Services:				
Pupils	4	4	4	5
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	3	3
<i>Total Number of Employees</i>	<i>61</i>	<i>62</i>	<i>57</i>	<i>54</i>

Source: Southern Hills Joint Vocational School District records

(1) Includes instructional aides

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
2	2	2	2	2	2
28	28	28	27	28	30
3	3	3	3	3	3
6	6	7	7	5	5
1	1	1	1	1	1
4	4	4	4	4	4
2	2	2	2	2	2
5	5	5	5	5	5
<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u>54</u>	<u>54</u>	<u>55</u>	<u>54</u>	<u>53</u>	<u>55</u>

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Staff Education, Experience and Teacher Salary Data

June 30, 2018

<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	25	45.45%	9	\$61,705	\$41,649 - \$68,641
Bachelor's Degree	9	16.36%	7	47,053	38,913 - 63,130
Bachelor with 150 Hours	0	0.00%	0	0	38,056 - 66,433
Master's Degree	9	16.36%	8	63,156	53,645 - 73,439
Master's Degree + 18 Hours	12	21.83%	8	66,445	41,613 - 73,289
Total	<u>55</u>	<u>100.00%</u>	<u>32</u>		

<u>Years of Experience</u>	<u>Number of Staff</u>	<u>Percent of Total</u>
0-5	9	16.36%
6-10	6	10.91%
11 and over	40	72.73%
Total	<u>55</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>
2009	44.44%
2010	48.80
2011	49.59
2012	47.59
2013	37.04
2014	46.99
2015	44.39
2016	49.73
2017	46.00
2018	39.76

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)

	2009	2010	2011	2012
<b>Southern Hills Joint Vocational School</b>				
Constructed Completed in 1975				
Total Building Square Footage	113,500	113,500	113,500	113,500
Total Enrollment (1)	312	325	312	338
Student Capacity	400	400	400	400
<b>Power Equipment Mechanics/Agricultural Industrial</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	30	31	35	37
Students Who Graduated from Program	12	11	12	20
Cost of Program	\$139,974	\$176,595	\$150,365	\$113,650
Percentage of Students to Maximum Capacity of Program	60%	62%	70%	74%
Cost of Program Per Student	4,666	5,697	4,296	3,072
Square ft. of Program Space	5,953	5,953	5,953	5,953
<b>Diversified Health Occupations</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	34	32	34	33
Students Who Graduated from Program	17	10	15	15
Cost of Program	\$99,375	\$114,434	\$98,048	\$107,749
Percentage of Students to Maximum Capacity of Program	68%	64%	68%	66%
Cost of Program Per Student	2,923	3,576	2,884	3,265
Square ft. of Program Space	2,141	2,141	2,141	2,141
<b>Information Technology/Computer Systems</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	15	16	25	30
Students Who Graduated from Program	7	7	4	16
Cost of Program	\$116,531	\$94,146	\$118,245	\$105,487
Percentage of Students to Maximum Capacity of Program	30%	32%	50%	60%
Cost of Program Per Student	7,769	5,884	4,730	3,516
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.

2013	2014	2015	2016	2017	2018
113,500	113,500	113,500	113,500	113,500	113,500
338	340	328	328	359	323
400	400	400	400	400	400
50	50	50	50	50	50
37	44	41	39	35	38
17	18	23	17	22	11
\$139,764	\$276,228	\$166,429	\$135,766	\$105,084	\$114,011
74%	88%	82%	78%	70%	76%
3,777	6,278	4,059	3,481	3,002	3,000
5,953	5,953	5,953	5,953	5,953	5,953
50	50	50	50	50	50
30	27	29	26	19	23
15	12	11	13	12	6
\$93,778	\$86,737	\$100,694	\$140,787	\$112,225	\$105,522
60%	54%	58%	52%	38%	46%
3,126	3,212	3,472	5,415	5,907	4,588
2,141	2,141	2,141	2,141	2,141	2,141
50	50	50	50	50	50
29	24	34	33	31	31
12	13	11	19	12	18
\$124,771	\$99,122	\$105,867	\$128,763	\$125,242	\$83,337
58%	48%	68%	66%	62%	62%
4,302	4,130	3,114	3,902	4,040	2,688
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)

	2009	2010	2011	2012
<b>Early Childhood Education</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	26	23	25	28
Students Who Graduated from Program	14	9	12	12
Cost of Program	\$137,554	\$115,426	\$120,039	\$157,430
Percentage of Students to Maximum Capacity of Program	52%	46%	50%	56%
Cost of Program Per Student	5,291	5,019	4,802	5,623
Square ft. of Program Space	2,853	2,853	2,853	2,853
<b>Automobile Technology</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	33	34	27	37
Students Who Graduated from Program	14	17	10	17
Cost of Program	\$228,617	\$226,263	\$247,638	\$259,339
Percentage of Students to Maximum Capacity of Program	66%	68%	54%	74%
Cost of Program Per Student	6,928	6,655	9,172	7,009
Square ft. of Program Space	6,677	6,677	6,677	6,677
<b>Carpentry</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	22	19	15	18
Students Who Graduated from Program	4	14	3	12
Cost of Program	\$109,086	\$160,574	\$110,675	\$123,494
Percentage of Students to Maximum Capacity of Program	44%	38%	30%	36%
Cost of Program Per Student	4,958	8,451	7,378	6,861
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.



2013	2014	2015	2016	2017	2018
50	50	50	50	50	50
29	28	24	36	31	17
17	14	7	16	16	13
\$81,727	\$95,275	\$108,382	\$123,101	\$136,285	\$114,011
58%	56%	48%	72%	62%	34%
2,818	3,403	4,516	3,419	4,396	6,707
2,853	2,853	2,853	2,853	2,853	2,853
50	50	50	50	50	50
39	27	22	29	32	28
22	16	9	12	18	9
\$179,494	\$230,688	\$214,952	\$226,530	\$267,484	\$208,226
78%	54%	44%	58%	64%	56%
4,602	8,544	9,771	7,811	8,359	7,437
6,677	6,677	6,677	6,677	6,677	6,677
50	50	50	50	50	50
17	17	12	18	23	22
5	10	8	6	10	12
\$79,819	\$87,710	\$84,553	\$76,922	\$102,322	\$125,058
34%	34%	24%	36%	46%	44%
4,695	5,159	7,046	4,273	4,449	5,684
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)

	2009	2010	2011	2012
<b>Welding</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	35	30	30	25
Students Who Graduated from Program	12	14	17	11
Cost of Program	\$274,715	\$377,028	\$214,780	\$152,396
Percentage of Students to Maximum Capacity of Program	70%	60%	60%	50%
Cost of Program Per Student	7,849	12,568	7,159	6,096
Square ft. of Program Space	9,273	9,273	9,273	9,273
<b>Cosmotology</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	32	43	27	23
Students Who Graduated from Program	11	18	18	8
Cost of Program	\$172,459	\$177,625	\$214,184	\$135,412
Percentage of Students to Maximum Capacity of Program	64%	86%	54%	46%
Cost of Program Per Student	5,389	4,131	7,933	5,887
Square ft. of Program Space	2,746	2,746	2,746	2,746
<b>Criminal Justice</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	21	25	20	21
Students Who Graduated from Program	9	10	12	7
Cost of Program	\$71,519	\$62,174	\$67,104	\$71,938
Percentage of Students to Maximum Capacity of Program	42%	50%	40%	42%
Cost of Program Per Student	3,406	2,487	3,355	3,426
Square ft. of Program Space	2,776	2,776	2,776	2,776
<b>Graphics</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	29	36	45	39
Students Who Graduated from Program	16	9	24	19
Cost of Program	\$88,661	\$103,143	\$124,402	\$97,284
Percentage of Students to Maximum Capacity of Program	58%	72%	90%	78%
Cost of Program Per Student	3,057	2,865	2,764	2,494
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.

2013	2014	2015	2016	2017	2018
50	50	50	50	50	50
30	35	27	34	43	43
9	17	13	11	22	21
\$165,273	\$159,866	\$160,578	\$171,342	\$206,542	\$241,678
60%	70%	54%	68%	86%	86%
5,509	4,568	5,947	5,039	4,803	5,620
9,273	9,273	9,273	9,273	9,273	9,273
50	50	50	50	50	50
27	25	20	35	39	30
11	13	5	12	18	14
\$97,992	\$97,528	\$85,649	\$62,728	\$68,012	\$71,892
54%	50%	40%	70%	78%	60%
3,629	3,901	4,282	1,792	1,744	2,396
2,746	2,746	2,746	2,746	2,746	2,746
50	50	50	50	50	50
25	22	31	32	27	24
13	10	10	17	13	12
\$65,278	\$74,988	\$74,183	\$72,910	\$81,811	\$75,475
50%	44%	62%	64%	54%	48%
2,611	3,409	2,393	2,278	3,030	3,145
2,776	2,776	2,776	2,776	2,776	2,776
50	50	50	50	50	50
34	25	21	29	39	27
15	16	8	11	16	17
\$88,369	\$82,070	\$89,797	\$120,285	\$92,884	\$116,699
68%	50%	42%	58%	78%	54%
2,599	3,283	4,276	4,148	2,382	4,322
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)

	2009	2010	2011	2012
<b>Business and Finance</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	20	19	12	15
Students Who Graduated from Program	10	8	7	4
Cost of Program	\$85,440	\$71,652	\$81,601	\$80,251
Percentage of Students to Maximum Capacity of Program	40%	38%	24%	30%
Cost of Program Per Student	4,272	3,771	6,800	5,350
Square ft. of Program Space	2,508	2,508	2,508	2,508
<b>BioTech/Engineering</b>				
Maximum Capacity of Program	n/o	n/o	n/o	50
Number of Students at End of Year (1)	n/o	n/o	n/o	9
Students Who Graduated from Program	n/o	n/o	n/o	3
Cost of Program	n/o	n/o	n/o	\$69,288
Percentage of Students to Maximum Capacity of Program	n/o	n/o	n/o	18%
Cost of Program Per Student	n/o	n/o	n/o	7,699
Square ft. of Program Space	n/o	n/o	n/o	2,508
<b>Sports Medicine</b>				
Maximum Capacity of Program	50	50	50	50
Number of Students at End of Year (1)	15	12	22	22
Students Who Graduated from Program	4	3	8	12
Cost of Program	\$85,440	\$88,891	\$82,517	\$80,668
Percentage of Students to Maximum Capacity of Program	30%	24%	44%	44%
Cost of Program Per Student	5,696	7,408	3,751	3,667
Square ft. of Program Space	n/o	n/o	n/o	n/o
<b>Culinary Arts</b>				
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.

2013	2014	2015	2016	2017	2018
50	50	n/o	n/o	n/o	n/o
20	16	n/o	n/o	n/o	n/o
10	9	n/o	n/o	n/o	n/o
\$78,849	\$95,092	n/o	n/o	n/o	n/o
40%	32%	n/o	n/o	n/o	n/o
3,942	5,943	n/o	n/o	n/o	n/o
2,508	2,508	n/o	n/o	n/o	n/o
50	50	50	50	n/o	n/o
18	14	9	4	n/o	n/o
8	8	4	4	n/o	n/o
\$175,287	\$107,084	\$112,052	\$105,497	n/o	n/o
36%	28%	18%	8%	n/o	n/o
9,738	7,649	12,450	26,374	n/o	n/o
2,508	2,508	2,508	2,508	n/o	n/o
50	50	50	50	50	50
28	23	28	29	27	25
7	15	8	17	10	15
\$93,407	\$102,011	\$89,207	\$100,763	\$113,036	\$97,349
56%	46%	56%	58%	54%	50%
3,336	4,435	3,186	3,475	4,187	3,894
1,474	1,474	1,474	1,474	1,474	1,474
n/o	50	50	50	50	50
n/o	19	28	20	13	15
n/o	4	14	12	7	2
n/o	\$122,395	\$104,039	\$103,467	\$122,948	\$114,903
n/o	38%	56%	40%	26%	30%
n/o	6,442	3,716	5,173	9,458	7,660
n/o	3,229	3,229	3,229	3,229	3,229

**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

Per Pupil Cost  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Average Daily Membership (1)</u>	<u>General Government</u>		<u>Governmental Activities</u>	
		<u>Total Expenditures (2)</u>	<u>Per Pupil Cost</u>	<u>Total Expenses (3)</u>	<u>Per Pupil Cost</u>
2009	365	\$7,074,198	\$19,381	\$6,830,694	\$18,714
2010	325	7,111,533	21,882	6,810,033	20,954
2011	370	6,664,631	18,013	6,604,221	17,849
2012	384	5,962,730	15,528	6,243,548	16,259
2013	419	6,533,800	15,594	6,328,523	15,104
2014	340	8,199,470	24,116	6,523,228	19,186
2015	373	5,857,833	15,705	6,273,345	16,819
2016	412	6,219,479	15,096	6,465,341	15,693
2017	428	7,682,411	17,950	8,008,080	18,710
2018	398	6,803,112	17,093	3,742,189	9,402

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.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**SOUTHERN HILLS JOINT VOCATIONAL SCHOOL DISTRICT**

**BROWN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 14, 2019**