



Rea & associates *a brighter way*

# Pioneer Career and Technology Center Richland County, Ohio

*Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2016





# Dave Yost • Auditor of State

Board of Education  
Pioneer Career and Technology Center  
27 Ryan Road  
Shelby, Ohio 44875

We have reviewed the *Independent Auditor's Report* of the Pioneer Career and Technology Center, Richland County, prepared by Rea & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Pioneer Career and Technology Center is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

December 22, 2016

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**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
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*June 30, 2016*

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October 14, 2016

To the Board of Education  
Pioneer Career and Technology Center  
Richland County, Ohio  
27 Ryan Road  
Shelby, OH 44875

## **Independent Auditor's Report**

### **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 Pioneer Career and Technology Center, Richland County, Ohio, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pioneer Career and Technology Center, Richland County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions* on pages 5–14, 61, and 62-63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Medina, Ohio



**Pioneer Career and Technology Center  
Richland County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016*

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The discussion and analysis of the Pioneer Career and Technology Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

***Financial Highlights***

Key financial highlights for 2016 are as follows:

- Net position increased \$997,099, which represents an 8 percent increase from 2015.
- Capital assets decreased \$176,021 during fiscal year 2016.
- During the year, outstanding debt decreased from \$11,901,232 to \$11,543,103.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general and classroom facilities funds are by far the most significant funds.

***Reporting the District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

***Reporting the District's Most Significant Funds***

***Fund Financial Statements***

The analysis of major funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general and classroom facilities funds.

***Governmental Funds*** Most of the 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 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 District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Proprietary Fund*** The District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 22.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 25 and 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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**The District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for 2016 compared to 2015:

**Table 1**  
**Net Position**

|   | Governmental Activities |                      |
|---|-------------------------|----------------------|
|   | 2016                    | 2015                 |
| <b>Assets</b>                               |                         |                      |
| Current and Other Assets                    | \$ 25,982,788           | \$ 25,057,349        |
| Capital Assets                              | 30,541,172              | 30,717,193           |
| <i>Total Assets</i>                         | <u>56,523,960</u>       | <u>55,774,542</u>    |
| <b>Deferred Outflows of Resources</b>       |                         |                      |
| Deferred Charges on Refunding               | 1,251,873               | 1,312,204            |
| Pension                                     | 2,581,249               | 1,706,150            |
| <i>Total Deferred Outflows of Resources</i> | <u>3,833,122</u>        | <u>3,018,354</u>     |
| <b>Liabilities</b>                          |                         |                      |
| Current and Other Liabilities               | 1,849,593               | 1,803,651            |
| Long-Term Liabilities:                      |                         |                      |
| Due Within One Year                         | 571,672                 | 620,705              |
| Due in More Than One Year:                  |                         |                      |
| Net Pension Liability                       | 26,120,773              | 23,220,762           |
| Other Amounts Due in More Than One Year     | 11,926,756              | 12,237,970           |
| <i>Total Liabilities</i>                    | <u>40,468,794</u>       | <u>37,883,088</u>    |
| <b>Deferred Inflows of Resources</b>        |                         |                      |
| Property Taxes Levied for the Next Year     | 4,588,523               | 4,293,735            |
| Pension                                     | 1,866,375               | 4,179,782            |
| <i>Total Deferred Inflows of Resources</i>  | <u>6,454,898</u>        | <u>8,473,517</u>     |
| <b>Net Position</b>                         |                         |                      |
| Net Investment in Capital Assets            | 20,249,942              | 20,116,320           |
| Restricted                                  | 6,153,897               | 7,402,007            |
| Unrestricted                                | (12,970,449)            | (15,082,036)         |
| <i>Total Net Position</i>                   | <u>\$ 13,433,390</u>    | <u>\$ 12,436,291</u> |

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During 2015, the District adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension, and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

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

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

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

At year end, capital assets represented 54 percent of total assets. Capital assets include land, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets was \$20,249,942 at June 30, 2016. These capital assets are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Current and other assets increased \$925,439. This increase is primarily the result of an increase in cash partially offset by a decrease in intergovernmental receivable. Cash significantly increased in the general fund as a result of revenues increasing while expenditures remained consistent with prior years. Two tax levies passed in November 2014 in which the first full year effect of those collections is seen in fiscal year 2016. In addition, the District received approximately \$1,000,000 more in State Foundation funding in 2016. However, the increase was offset by a decrease in intergovernmental receivable of approximately \$1,000,000 from a Straight A grant awarded in 2015, which was also partially offset by a new receivable in 2016 for a full-time equivalent adjustment.

There was also a \$2,313,407 decrease in deferred inflows of pension and an \$875,099 increase in deferred outflows of pension related to differences in projected and actual earnings and expected and actual experience in the pension plans.

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In order to further understand what makes up the changes in net position for the current year, table 2 gives readers further details regarding the results of activities for 2016 and 2015:

**Table 2**  
**Changes in Net Position**

|  | Governmental Activities |                     |
|--|-------------------------|---------------------|
|  | 2016                    | 2015                |
| <b>Revenues</b>                            |                         |                     |
| <i>Program Revenues:</i>                   |                         |                     |
| Charges for Services                       | \$ 1,636,410            | \$ 1,285,288        |
| Operating Grants                           | 2,133,525               | 2,145,924           |
| Capital Grants                             | 0                       | 1,491,030           |
| <i>Total Program Revenues</i>              | <u>3,769,935</u>        | <u>4,922,242</u>    |
| <i>General Revenues:</i>                   |                         |                     |
| Property Taxes                             | 6,057,138               | 6,008,066           |
| Grants and Entitlements Not Restricted     | 9,531,419               | 8,760,935           |
| Investment Earnings                        | 55,094                  | 45,864              |
| Other                                      | 99,937                  | 255,163             |
| <i>Total General Revenues</i>              | <u>15,743,588</u>       | <u>15,070,028</u>   |
| <i>Total Revenues</i>                      | <u>19,513,523</u>       | <u>19,992,270</u>   |
| <b>Program Expenses</b>                    |                         |                     |
| Instruction:                               |                         |                     |
| Regular                                    | 883,156                 | 854,195             |
| Special                                    | 636,578                 | 623,987             |
| Vocational                                 | 10,247,393              | 9,678,810           |
| Adult/Continuing                           | 90,482                  | 86,604              |
| Support Services:                          |                         |                     |
| Pupils                                     | 1,311,925               | 1,112,797           |
| Instructional Staff                        | 1,062,735               | 1,056,542           |
| Board of Education                         | 61,757                  | 112,227             |
| Administration                             | 1,054,017               | 1,065,765           |
| Fiscal                                     | 441,600                 | 435,478             |
| Business                                   | 99,550                  | 130,302             |
| Operation and Maintenance of Plant         | 1,278,829               | 1,298,563           |
| Pupil Transportation                       | 2,775                   | 1,754               |
| Central                                    | 154,362                 | 265,784             |
| Operation of Non-Instructional Services:   |                         |                     |
| Food Service Operations                    | 583,973                 | 545,580             |
| Extracurricular Activities                 | 144,816                 | 151,245             |
| Debt Service:                              |                         |                     |
| Interest and Fiscal Charges                | 462,476                 | 383,254             |
| Issuance Costs                             | 0                       | 206,041             |
| <i>Total Expenses</i>                      | <u>18,516,424</u>       | <u>18,008,928</u>   |
| <i>Increase (Decrease) in Net Position</i> | <u>\$ 997,099</u>       | <u>\$ 1,983,342</u> |

**Pioneer Career and Technology Center  
Richland County, Ohio**

*Management's Discussion and Analysis  
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Capital grants decreased \$1,491,030 in fiscal year 2016, primarily due to no longer having the Straight A grant that was awarded to the District in fiscal year 2015.

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

**Table 3  
Governmental Activities**

|  | Total Cost of Service |                      | Net Cost of Service  |                      |
|--|-----------------------|----------------------|----------------------|----------------------|
|  | 2016                  | 2015                 | 2016                 | 2015                 |
| Instruction:                             |                       |                      |                      |                      |
| Regular                                  | \$ 883,156            | \$ 854,195           | \$ 883,156           | \$ 829,371           |
| Special                                  | 636,578               | 623,987              | 636,578              | 623,987              |
| Vocational                               | 10,247,393            | 9,678,810            | 7,764,688            | 5,960,190            |
| Adult/Continuing                         | 90,482                | 86,604               | 5,046                | 2,686                |
| Support Services:                        |                       |                      |                      |                      |
| Pupils                                   | 1,311,925             | 1,112,797            | 806,664              | 765,677              |
| Instructional Staff                      | 1,062,735             | 1,056,542            | 911,723              | 872,471              |
| Board of Education                       | 61,757                | 112,227              | 47,545               | 112,227              |
| Administration                           | 1,054,017             | 1,065,765            | 1,037,852            | 1,037,740            |
| Fiscal                                   | 441,600               | 435,478              | 441,600              | 435,478              |
| Business                                 | 99,550                | 130,302              | 99,550               | 130,302              |
| Operation and Maintenance of Plant       | 1,278,829             | 1,298,563            | 1,272,544            | 1,294,677            |
| Pupil Transportation                     | 2,775                 | 1,754                | 2,093                | 1,754                |
| Central                                  | 154,362               | 265,784              | 154,362              | 212,129              |
| Operation of Non-Instructional Services: |                       |                      |                      |                      |
| Food Service Operations                  | 583,973               | 545,580              | 75,796               | 67,457               |
| Extracurricular Activities               | 144,816               | 151,245              | 144,816              | 151,245              |
| Debt Service:                            |                       |                      |                      |                      |
| Interest and Fiscal Charges              | 462,476               | 383,254              | 462,476              | 383,254              |
| Issuance Costs                           | 0                     | 206,041              | 0                    | 206,041              |
| <i>Total Expenses</i>                    | <b>\$ 18,516,424</b>  | <b>\$ 18,008,928</b> | <b>\$ 14,746,489</b> | <b>\$ 13,086,686</b> |

The dependence upon general revenues for governmental activities is apparent. Nearly 80 percent of governmental activities are supported through taxes and other general revenues; such revenues are 81 percent of total governmental revenues. The community, as a whole, is by far the primary support for the District students.

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***Governmental Funds***

Information about the District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2016 was an increase of \$1,250,835. Revenues increased by \$850,116, which represents a 5 percent increase over fiscal year 2015 and was primarily caused by a large increase in State Foundation. Expenditures increased \$565,020 which represents a 4 percent increase over fiscal year 2015 most significantly due to increases in payroll.

The classroom facilities fund had a decrease in fund balance of \$32,733.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2016, the District did amend its general fund budget. The District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue was \$17,603,331 which was higher than the final budget basis revenue by \$601,740. This was due to state foundation and tuition and fees that were higher than expected.

Final expenditure appropriations of \$15,827,813 were \$252,310 higher than the actual expenditures of \$15,575,503, as instructional staff costs were lower than expected. Final budget appropriations were \$200,000 higher than the original appropriations budget due to increases in instructional staff costs.

There were no significant variances to discuss within other financing sources and uses.

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**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2016, the District had \$30,541,172 invested in capital assets. Table 4 shows fiscal year 2016 balances compared with 2015.

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

|                            | Governmental Activities |                      |
|----------------------------|-------------------------|----------------------|
|                            | 2016                    | 2015                 |
| Land                       | \$ 25,000               | \$ 25,000            |
| Construction in Progress   | 0                       | 11,845               |
| Buildings and Improvements | 27,028,013              | 27,698,900           |
| Furniture and Equipment    | 3,350,641               | 2,904,502            |
| Vehicles                   | 137,518                 | 76,946               |
| <i>Totals</i>              | <u>\$ 30,541,172</u>    | <u>\$ 30,717,193</u> |

The \$176,021 decrease in capital assets was attributable to current year depreciation and disposals exceeding additional purchases. See Note 7 for more information about the capital assets of the District.

**Debt**

At June 30, 2016, the District had \$11,543,103 in debt outstanding. See Notes 13 and 14 for additional details. Table 5 summarizes debt outstanding.

**Table 5**  
**Outstanding Debt at Year End**

|                               | Governmental Activities |                      |
|-------------------------------|-------------------------|----------------------|
|                               | 2016                    | 2015                 |
| Energy Conservation Bonds     | \$ 0                    | \$ 65,000            |
| Certificates of Participation | 11,365,000              | 11,635,000           |
| Capital Lease Obligations     | 178,103                 | 201,232              |
| <i>Total</i>                  | <u>\$ 11,543,103</u>    | <u>\$ 11,901,232</u> |

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***Current Issues***

The District remains fiscally stable and ended fiscal year 2016 in a good financial position. The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. As the preceding information shows, the District's general fund is performing well, reporting an "equity in pooled cash and investments" balance of \$10,448,019. This amount incorporates the equity in pooled cash and cash equivalents balance of all the various funds that are considered part of the general fund in accordance with GAAP. The "equity in pooled cash and investments" balance of the general fund at June 30, 2015 was \$8,904,319. The District continues to maintain a healthy cash balance in the general fund in the midst of funding reductions and uncertainties.

With Board guidance, recent fiscal year budgets have been carefully managed in order to avoid additional tax millage. In November 2014, the Board determined it necessary to submit a replacement levy to the voters to combine two 0.85 mill current expense, continuing levies (from 1970 and 1976) into one 1.7 mill current expense, continuing levy. The voters of the District approved the replacement levy by a vote of 57 percent to 43 percent. The approval of this levy increased the effective millage of the District for Class I real estate from 2.07 to 2.83 and Class II real estate from 2.825 to 3.39.

In March 2015, with interest rates low, the District seized the opportunity to refinance the original COPS issue that funded the renovations completed to the District in fiscal year 2012. The refinance yielded a net present value savings of \$458,397 to the District and their taxpayers over the remaining life of the COPS.

State Foundation funding is dependent on the State budget and can change every two years. With current changes in State funding, including funding based on year-round enrollment, Pioneer realized an increase in revenues during fiscal year 2016. The guarantee for unrestricted state funding has been extended to the new biennial budget (fiscal years 2016 and 2017). In fiscal year 2017, the weighted funding for career technical education has been placed outside the State core funding and guarantee. The District is evaluating the effects this could have on the District and assessing options in program offerings that would permit the District to maintain its current level of funding and continue its educational excellence.

The District has committed itself to educational and financial excellence for many years. Each challenge identified in this section is viewed simultaneously as an opportunity for the District to continue its commitment to excellence. The District is committed to living within its financial means and working with the community it serves in order to garner adequate resources to support educational programs.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Linda Schumacher, Treasurer of Pioneer Career and Technology Center, 27 Ryan Road, Shelby OH 44875-0309.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Net Position*  
*June 30, 2016*

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>                               |                            |
| Equity in Pooled Cash and Investments       | \$ 17,214,209              |
| Cash and Cash Equivalents with Fiscal Agent | 1,170,916                  |
| Cash and Cash Equivalents with Escrow Agent | 782,575                    |
| Inventory Held For Resale                   | 34,585                     |
| Materials and Supplies Inventory            | 33,151                     |
| Receivables:                                |                            |
| Accounts                                    | 56,090                     |
| Intergovernmental                           | 290,017                    |
| Property Taxes                              | 6,389,286                  |
| Prepaid Items                               | 11,959                     |
| Nondepreciable Capital Assets               | 25,000                     |
| Depreciable Capital Assets (Net)            | 30,516,172                 |
| <i>Total Assets</i>                         | <i>56,523,960</i>          |
| <b>Deferred Outflows of Resources</b>       |                            |
| Deferred Charges on Refunding               | 1,251,873                  |
| Pension                                     | 2,581,249                  |
| <i>Total Deferred Outflows of Resources</i> | <i>3,833,122</i>           |
| <b>Liabilities</b>                          |                            |
| Accounts Payable                            | 142,452                    |
| Accrued Wages and Benefits                  | 1,275,891                  |
| Intergovernmental Payable                   | 209,177                    |
| Accrued Interest Payable                    | 32,050                     |
| Claims Payable                              | 190,023                    |
| Long Term Liabilities:                      |                            |
| Due Within One Year                         | 571,672                    |
| Due In More Than One Year                   |                            |
| Net Pension Liability                       | 26,120,773                 |
| Other Amounts Due In More Than One Year     | 11,926,756                 |
| <i>Total Liabilities</i>                    | <i>40,468,794</i>          |
| <b>Deferred Inflows of Resources</b>        |                            |
| Property Taxes Levied for the Next Year     | 4,588,523                  |
| Pension                                     | 1,866,375                  |
| <i>Total Deferred Inflows of Resources</i>  | <i>6,454,898</i>           |
| <b>Net Position</b>                         |                            |
| Net Investment in Capital Assets            | 20,249,942                 |
| Restricted For:                             |                            |
| Capital Outlay                              | 3,798,212                  |
| Debt Service                                | 789,117                    |
| Classroom Facilities                        | 1,154,747                  |
| Other Purposes                              | 411,821                    |
| Unrestricted                                | (12,970,449)               |
| <i>Total Net Position</i>                   | <i>\$ 13,433,390</i>       |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2016

|  | Program Revenues     |                                      |   | Net (Expense)<br>Revenue and<br>Changes in Net Position |
|--|----------------------|--------------------------------------|---|---|
|  | Expenses             | Charges for<br>Services<br>and Sales | Operating<br>Grant and<br>Contributions | Governmental<br>Activities                              |
| <b>Governmental Activities</b>           |                      |                                      |   |   |
| Instruction:                             |                      |                                      |   |   |
| Regular                                  | \$ 883,156           | \$ 0                                 | \$ 0                                    | \$ (883,156)  |
| Special                                  | 636,578              | 0                                    | 0                                       | (636,578)   |
| Vocational                               | 10,247,393           | 1,233,572                            | 1,249,133                               | (7,764,688)   |
| Adult/Continuing                         | 90,482               | 42,786                               | 42,650                                  | (5,046)   |
| Support Services:                        |                      |                                      |   |   |
| Pupils                                   | 1,311,925            | 45,999                               | 459,262                                 | (806,664)   |
| Instructional Staff                      | 1,062,735            | 66,562                               | 84,450                                  | (911,723)   |
| Board of Education                       | 61,757               | 0                                    | 14,212                                  | (47,545)  |
| Administration                           | 1,054,017            | 12,321                               | 3,844                                   | (1,037,852)   |
| Fiscal                                   | 441,600              | 0                                    | 0                                       | (441,600)   |
| Business                                 | 99,550               | 0                                    | 0                                       | (99,550)  |
| Operation and Maintenance of Plant       | 1,278,829            | 0                                    | 6,285                                   | (1,272,544)   |
| Pupil Transportation                     | 2,775                | 0                                    | 682                                     | (2,093)   |
| Central                                  | 154,362              | 0                                    | 0                                       | (154,362)   |
| Operation of Non-Instructional Services: |                      |                                      |   |   |
| Food Service Operations                  | 583,973              | 235,170                              | 273,007                                 | (75,796)  |
| Extracurricular Activities               | 144,816              | 0                                    | 0                                       | (144,816)   |
| Debt Service:                            |                      |                                      |   |   |
| Interest and Fiscal Charges              | 462,476              | 0                                    | 0                                       | (462,476)   |
| <b>Total</b>                             | <b>\$ 18,516,424</b> | <b>\$ 1,636,410</b>                  | <b>\$ 2,133,525</b>                     | <b>(14,746,489)</b>                                     |

**General Revenues**

Property Taxes Levied for:

|   |           |
|---|-----------|
| General Purposes  | 6,057,138 |
| Grants and Entitlements Not Restricted to Specific Programs | 9,531,419 |
| Investment Earnings   | 55,094    |
| Miscellaneous   | 99,937    |

*Total General Revenues* 15,743,588

*Change in Net Position* 997,099

*Net Position Beginning of Year* 12,436,291

*Net Position End of Year* \$ 13,433,390

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2016*

|   | General              | Classroom<br>Facilities | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>   |                      |                         |                                |                                |
| Equity in Pooled Cash and Investments   | \$ 10,448,019        | \$ 3,756,999            | \$ 3,009,191                   | \$ 17,214,209                  |
| Cash and Cash Equivalents with Escrow Agent                                   | 0                    | 0                       | 782,575                        | 782,575                        |
| Inventory Held For Resale   | 23,034               | 0                       | 11,551                         | 34,585                         |
| Materials and Supplies Inventory  | 33,151               | 0                       | 0                              | 33,151                         |
| Receivables:  |                      |                         |                                |                                |
| Accounts  | 53,897               | 0                       | 2,193                          | 56,090                         |
| Interfund   | 91,500               | 0                       | 0                              | 91,500                         |
| Intergovernmental   | 174,887              | 0                       | 115,130                        | 290,017                        |
| Property Taxes  | 6,389,286            | 0                       | 0                              | 6,389,286                      |
| Prepaid Items   | 11,959               | 0                       | 0                              | 11,959                         |
| <i>Total Assets</i>   | <u>\$ 17,225,733</u> | <u>\$ 3,756,999</u>     | <u>\$ 3,920,640</u>            | <u>\$ 24,903,372</u>           |
| <b>Liabilities</b>  |                      |                         |                                |                                |
| Accounts Payable  | \$ 45,789            | \$ 0                    | \$ 96,663                      | \$ 142,452                     |
| Accrued Wages and Benefits  | 1,210,895            | 0                       | 64,996                         | 1,275,891                      |
| Intergovernmental Payable   | 178,846              | 0                       | 30,331                         | 209,177                        |
| Interfund Payable   | 0                    | 0                       | 91,500                         | 91,500                         |
| <i>Total Liabilities</i>  | <u>1,435,530</u>     | <u>0</u>                | <u>283,490</u>                 | <u>1,719,020</u>               |
| <b>Deferred Inflows of Resources</b>  |                      |                         |                                |                                |
| Property Taxes Levied for the Next Year                                       | 4,588,523            | 0                       | 0                              | 4,588,523                      |
| Unavailable Revenue   | 586,957              | 0                       | 16,303                         | 603,260                        |
| <i>Total Deferred Inflows of Resources</i>                                    | <u>5,175,480</u>     | <u>0</u>                | <u>16,303</u>                  | <u>5,191,783</u>               |
| <b>Fund Balances</b>  |                      |                         |                                |                                |
| Nonspendable  | 53,041               | 0                       | 0                              | 53,041                         |
| Restricted  | 0                    | 3,756,999               | 2,379,605                      | 6,136,604                      |
| Committed   | 0                    | 0                       | 446,209                        | 446,209                        |
| Assigned  | 861,216              | 0                       | 806,207                        | 1,667,423                      |
| Unassigned  | 9,700,466            | 0                       | (11,174)                       | 9,689,292                      |
| <i>Total Fund Balances</i>  | <u>10,614,723</u>    | <u>3,756,999</u>        | <u>3,620,847</u>               | <u>17,992,569</u>              |
| <i>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</i> | <u>\$ 17,225,733</u> | <u>\$ 3,756,999</u>     | <u>\$ 3,920,640</u>            | <u>\$ 24,903,372</u>           |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2016*

|  |              |                      |
|--|--------------|----------------------|
| <b>Total Governmental Fund Balances</b>  |              | \$ 17,992,569        |
| <br><i>Amounts reported for governmental activities in the statement of net position are different because:</i>  |              |                      |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |              | 30,541,172           |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.   |              |                      |
| Intergovernmental  | \$ 191,190   |                      |
| Accounts   | 53,897       |                      |
| Property Taxes   | 358,173      | 603,260              |
| The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds.   |              |                      |
| Deferred Outflows - Pension  | 2,581,249    |                      |
| Deferred Inflows - Pension   | (1,866,375)  |                      |
| Net Pension Liability  | (26,120,773) | (25,405,899)         |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. |              | 980,893              |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.  |              | (32,050)             |
| In the statement of activities, a gain/loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding gain/loss is reported when bonds are issued  |              | 1,251,873            |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.   |              |                      |
| Certificates of Participation  | (11,365,000) |                      |
| Capital Lease Obligation   | (178,103)    |                      |
| Compensated Absences Payable   | (955,325)    | (12,498,428)         |
| <i>Net Position of Governmental Activities</i>   |              | <b>\$ 13,433,390</b> |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2016*

|   | General              | Classroom<br>Facilities | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                                     |                      |                         |                                |                                |
| Property and Other Local Taxes                      | \$ 6,072,830         | \$ 0                    | \$ 0                           | \$ 6,072,830                   |
| Intergovernmental                                   | 10,473,945           | 0                       | 2,126,417                      | 12,600,362                     |
| Investment Income                                   | 44,027               | 5,911                   | 348                            | 50,286                         |
| Tuition and Fees                                    | 975,026              | 0                       | 155,347                        | 1,130,373                      |
| Extracurricular Activities                          | 12,321               | 0                       | 0                              | 12,321                         |
| Charges for Services                                | 204,650              | 0                       | 235,170                        | 439,820                        |
| Contributions and Donations                         | 18,668               | 0                       | 0                              | 18,668                         |
| Miscellaneous                                       | 89,897               | 0                       | 9,590                          | 99,487                         |
| <i>Total Revenues</i>                               | <u>17,891,364</u>    | <u>5,911</u>            | <u>2,526,872</u>               | <u>20,424,147</u>              |
| <b>Expenditures</b>                                 |                      |                         |                                |                                |
| Current:  |                      |                         |                                |                                |
| Instruction:  |                      |                         |                                |                                |
| Regular   | 862,827              | 0                       | 0                              | 862,827                        |
| Special   | 623,401              | 0                       | 0                              | 623,401                        |
| Vocational  | 8,879,782            | 0                       | 1,254,307                      | 10,134,089                     |
| Adult Education                                     | 0                    | 0                       | 91,857                         | 91,857                         |
| Support Services:                                   |                      |                         |                                |                                |
| Pupils  | 791,975              | 0                       | 529,574                        | 1,321,549                      |
| Instructional Staff                                 | 869,066              | 0                       | 219,363                        | 1,088,429                      |
| Board of Education                                  | 57,827               | 0                       | 4,226                          | 62,053                         |
| Administration                                      | 965,946              | 0                       | 13,492                         | 979,438                        |
| Fiscal  | 454,982              | 0                       | 0                              | 454,982                        |
| Business  | 100,692              | 0                       | 0                              | 100,692                        |
| Operation and Maintenance of Plant                  | 1,095,975            | 0                       | 141,102                        | 1,237,077                      |
| Pupil Transportation                                | 2,192                | 0                       | 630                            | 2,822                          |
| Central   | 163,132              | 0                       | 2,212                          | 165,344                        |
| Extracurricular Activities                          | 103,812              | 0                       | 0                              | 103,812                        |
| Operation of Non-Instructional Services:            |                      |                         |                                |                                |
| Food Service Operations                             | 367                  | 0                       | 498,174                        | 498,541                        |
| Capital Outlay                                      | 24,486               | 38,644                  | 298,483                        | 361,613                        |
| Debt Service:                                       |                      |                         |                                |                                |
| Principal Retirement                                | 382,615              | 0                       | 0                              | 382,615                        |
| Interest and Fiscal Charges                         | 459,139              | 0                       | 0                              | 459,139                        |
| <i>Total Expenditures</i>                           | <u>15,838,216</u>    | <u>38,644</u>           | <u>3,053,420</u>               | <u>18,930,280</u>              |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>2,053,148</u>     | <u>(32,733)</u>         | <u>(526,548)</u>               | <u>1,493,867</u>               |
| <b>Other Financing Sources (Uses)</b>               |                      |                         |                                |                                |
| Proceeds from Sale of Capital Assets                | 450                  | 0                       | 0                              | 450                            |
| Inception of Capital Lease                          | 24,486               | 0                       | 0                              | 24,486                         |
| Transfers In  | 0                    | 0                       | 827,249                        | 827,249                        |
| Transfers Out                                       | (827,249)            | 0                       | 0                              | (827,249)                      |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(802,313)</u>     | <u>0</u>                | <u>827,249</u>                 | <u>24,936</u>                  |
| <i>Net Change in Fund Balance</i>                   | 1,250,835            | (32,733)                | 300,701                        | 1,518,803                      |
| <i>Fund Balances Beginning of Year</i>              | <u>9,363,888</u>     | <u>3,789,732</u>        | <u>3,320,146</u>               | <u>16,473,766</u>              |
| <i>Fund Balances End of Year</i>                    | <u>\$ 10,614,723</u> | <u>\$ 3,756,999</u>     | <u>\$ 3,620,847</u>            | <u>\$ 17,992,569</u>           |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2016*

|   |                    |                           |
|---|--------------------|---------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | \$                 | 1,518,803                 |
| <br><i>Amounts reported for governmental activities in the statement of activities are different because:</i>   |                    |                           |
| <br>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  |                    |                           |
| Capital Asset Additions   | \$ 1,050,943       |                           |
| Current Year Depreciation   | <u>(1,193,745)</u> | (142,802)                 |
| <br>Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.  |                    |                           |
|   |                    | (33,219)                  |
| <br>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |                    |                           |
| Property Taxes  | (15,692)           |                           |
| Accounts  | 53,897             |                           |
| Intergovernmental   | <u>(954,205)</u>   | (916,000)                 |
| <br>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.   |                    |                           |
|   |                    | 382,615                   |
| <br>Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.  |                    |                           |
| Inception of Capital Lease  |                    | (24,486)                  |
| <br>Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.   |                    |                           |
|   |                    | 1,542,257                 |
| <br>Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities  |                    |                           |
|   |                    | (1,253,762)               |
| <br>In the statement of activities, interest is accrued on outstanding bonds, premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.  |                    |                           |
| Accrued Interest Payable  | 56,994             |                           |
| Amortization of Refunding Loss  | <u>(60,331)</u>    | (3,337)                   |
| <br>The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. |                    |                           |
|   |                    | (75,088)                  |
| <br>Some expenses 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.   |                    |                           |
| Compensated Absences  |                    | <u>2,118</u>              |
| <br><i>Change in Net Position of Governmental Activities</i>  | <br>\$             | <br><u><u>997,099</u></u> |

See accompanying notes to the basic financial statements.



**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2016*

|   | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Over<br>(Under) |
|---|---------------------|---------------------|---------------------|--|
|   | Original            | Final               |                     |  |
| <b>Revenues</b>                                     |                     |                     |                     |  |
| Property and Other Local Taxes                      | \$ 6,264,299        | \$ 6,264,299        | \$ 6,232,563        | \$ (31,736)                                      |
| Intergovernmental                                   | 9,968,037           | 9,968,037           | 10,416,276          | 448,239  |
| Investment Income                                   | 32,946              | 32,946              | 42,023              | 9,077  |
| Tuition and Fees                                    | 619,739             | 619,739             | 887,133             | 267,394  |
| Miscellaneous                                       | 116,570             | 116,570             | 25,336              | (91,234)   |
| <i>Total Revenues</i>                               | <u>17,001,591</u>   | <u>17,001,591</u>   | <u>17,603,331</u>   | <u>601,740</u>                                   |
| <b>Expenditures</b>                                 |                     |                     |                     |  |
| Current:  |                     |                     |                     |  |
| Instruction:  |                     |                     |                     |  |
| Regular   | 846,493             | 856,783             | 834,498             | 22,285   |
| Special   | 631,669             | 639,348             | 622,718             | 16,630   |
| Vocational  | 8,750,650           | 8,876,587           | 8,675,485           | 201,102  |
| Support Services:                                   |                     |                     |                     |  |
| Pupils  | 813,856             | 823,749             | 809,290             | 14,459   |
| Instructional Staff                                 | 854,587             | 864,975             | 860,978             | 3,997  |
| Board of Education                                  | 60,535              | 61,271              | 64,544              | (3,273)  |
| Administration                                      | 959,148             | 970,807             | 950,983             | 19,824   |
| Fiscal  | 458,307             | 463,878             | 452,920             | 10,958   |
| Business  | 96,780              | 97,957              | 95,409              | 2,548  |
| Operation and Maintenance of Plant                  | 1,090,187           | 1,103,439           | 1,117,715           | (14,276)   |
| Pupil Transportation                                | 2,743               | 2,776               | 2,704               | 72   |
| Central   | 169,199             | 171,255             | 186,500             | (15,245)   |
| Extracurricular Activities                          | 109,411             | 110,741             | 117,512             | (6,771)  |
| Debt Service:                                       |                     |                     |                     |  |
| Principal Retirement                                | 335,000             | 335,000             | 335,000             | 0  |
| Interest and Fiscal Charges                         | 449,247             | 449,247             | 449,247             | 0  |
| <i>Total Expenditures</i>                           | <u>15,627,813</u>   | <u>15,827,813</u>   | <u>15,575,503</u>   | <u>252,310</u>                                   |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>1,373,778</u>    | <u>1,173,778</u>    | <u>2,027,828</u>    | <u>854,050</u>                                   |
| <b>Other Financing Sources (Uses)</b>               |                     |                     |                     |  |
| Proceeds from Sale of Capital Assets                | 0                   | 0                   | 450                 | 450  |
| Refund of Prior Year Expenditures                   | 24,000              | 24,000              | 100,445             | 76,445   |
| Advances In   | 78,500              | 78,500              | 78,500              | 0  |
| Advances Out  | (100,000)           | (100,000)           | (91,500)            | 8,500  |
| Transfers Out                                       | (825,360)           | (825,360)           | (827,249)           | (1,889)  |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(822,860)</u>    | <u>(822,860)</u>    | <u>(739,354)</u>    | <u>83,506</u>                                    |
| <i>Net Change in Fund Balance</i>                   | 550,918             | 350,918             | 1,288,474           | 937,556  |
| <i>Fund Balance Beginning of Year</i>               | 8,392,669           | 8,392,669           | 8,392,669           | 0  |
| <i>Prior Year Encumbrances Appropriated</i>         | <u>291,116</u>      | <u>291,116</u>      | <u>291,116</u>      | <u>0</u>   |
| <i>Fund Balance End of Year</i>                     | <u>\$ 9,234,703</u> | <u>\$ 9,034,703</u> | <u>\$ 9,972,259</u> | <u>\$ 937,556</u>                                |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2016*

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|   | Governmental<br>Activities -<br>Internal Service<br>Fund |
|---|--|
| <b>Assets</b>                               |  |
| <i>Current Assets</i>                       |  |
| Cash and Cash Equivalents with Fiscal Agent | \$ 1,170,916   |
| <b>Liabilities</b>                          |  |
| <i>Current Liabilities</i>                  |  |
| Claims Payable                              | 190,023  |
| <b>Net Position</b>                         |  |
| Unrestricted                                | \$ 980,893   |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2016*

|  | Governmental<br>Activities -<br>Internal<br>Service Fund |
|--|--|
| <b>Operating Revenues</b>                |  |
| Charges for Services                     | \$ 2,496,272   |
| <b>Operating Expenses</b>                |  |
| Purchased Services                       | 121,639  |
| Claims                                   | 2,440,218  |
| Other                                    | 14,429   |
| <i>Total Operating Expenses</i>          | 2,576,286  |
| <i>Operating Income (Loss)</i>           | (80,014)   |
| <b>Non-Operating Revenues (Expenses)</b> |  |
| Interest                                 | 4,926  |
| <i>Change in Net Position</i>            | (75,088)   |
| <i>Net Position Beginning of Year</i>    | 1,055,981  |
| <i>Net Position End of Year</i>          | \$ 980,893   |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2016

|  | Governmental<br>Activities -<br>Internal<br>Service Fund |
|--|--|
| <b>Cash Flows From Operating Activities</b>  |  |
| Cash Received from Charges for Services  | \$ 2,496,272   |
| Cash Paid for Goods and Services   | (121,639)  |
| Cash Paid for Claims   | (2,408,490)  |
| Other Cash Payments  | (14,429)   |
| <i>Net Cash Used For Operating Activities</i>  | (48,286)   |
| <b>Cash Flows From Investing Activities</b>  |  |
| Interest on Investments  | 4,926  |
| <i>Net Decrease in Cash and Cash Equivalents with Fiscal Agent</i>                             | (43,360)   |
| <i>Cash and Cash Equivalents with Fiscal Agent, Beginning of Year</i>                          | 1,214,276  |
| <i>Cash and Cash Equivalents with Fiscal Agent, End of Year</i>                                | \$ 1,170,916   |
| <b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Used For Operating Activities</b> |  |
| Operating Income (Loss)  | \$ (80,014)  |
| Adjustment:  |  |
| Increase in Liabilities:   |  |
| Claims Payable   | 31,728   |
| <i>Net Cash Used For Operating Activities</i>  | \$ (48,286)  |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Fund*  
*June 30, 2016*

|                                       | Private Purpose<br>Trust | Agency       |
|---------------------------------------|--------------------------|--------------|
| <b>Assets</b>                         |                          |              |
| Equity in Pooled Cash and Investments | \$ 184,056               | \$ 1,372,514 |
| <b>Liabilities</b>                    |                          |              |
| Accounts Payable                      | 0                        | \$ 36,395    |
| Undistributed Monies                  | 0                        | 1,264,845    |
| Due to Students                       | 0                        | 71,274       |
| <i>Total Liabilities</i>              | 0                        | \$ 1,372,514 |
| <b>Net Position</b>                   |                          |              |
| Held in Trust for Scholarships        | \$ 184,056               |              |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2016*

|  | Private Purpose<br>Trust |
|--|--------------------------|
| <b>Additions</b>                             |                          |
| Gifts and Contributions                      | \$ 34,736                |
| Investment Earnings                          | 411                      |
| <i>Total Additions</i>                       | 35,147                   |
| <br><b>Deductions</b>                        |                          |
| Payments in Accordance with Trust Agreements | 32,179                   |
| <i>Change in Net Position</i>                | 2,968                    |
| <i>Net Position Beginning of Year</i>        | 181,088                  |
| <i>Net Position End of Year</i>              | \$ 184,056               |

See accompanying notes to the basic financial statements.

**Pioneer Career and Technology Center  
Richland County, Ohio**

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

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**NOTE 1: DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

The Pioneer Career and Technology Center (the “District”) was formed on June 18, 1965. The District is a vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate. The District was established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The District operates under an appointed 11 member Board of Education and is responsible for the provision of public education to residents of the District.

The District’s primary missions are to provide students with job training to lead to the students’ employment upon graduation from high school, and/or college preparation to lead to higher education attainment. The District includes 14 member school districts throughout Richland, Crawford, Huron, Morrow, Wyandot, Seneca, Marion and Ashland Counties.

The District also provides support services for the pupils, instructional staff, operation and maintenance, food services, extracurricular activities, and nonprogrammed services. It is staffed by 31 non-certified employees and 116 certified full-time teaching personnel, who provide services to 2,200 students and other community members.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The District participates in one joint venture and three public entity risk pools. These organizations are the Heartland Council of Governments/North Central Ohio Computer Cooperative, the Schools of Ohio Risk Sharing Authority, the Jefferson Health Plan and a Workers’ Compensation Group Retrospective Rating Program. These organizations are discussed in Notes 17 and 18 to the basic financial statements.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the District’s accounting policies.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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***A. Basis of Presentation***

The 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the 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 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 District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

***Fund Financial Statements*** During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. The fiduciary funds are reported by type.

***B. Fund Accounting***

The 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 various funds of the District are grouped into the categories governmental, proprietary, and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions typically 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

***General Fund*** - The general fund accounts for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.



**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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***Classroom Facilities Fund*** - The classroom facilities fund is a capital projects fund used to account for financial resources and expenditures related to the school facilities construction project.

The other governmental funds of the District account for grants and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

***Proprietary Funds*** Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The District's only proprietary fund is an internal service fund.

***Internal Service Fund*** – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's internal service fund accounts for the operation of the District's self-insurance program for employee medical benefits.

***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 District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the District's own programs. The District's only trust funds are private-purpose trust funds, which account for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds are agency funds, which account for student activities and the Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG"). See Note 17 for additional information.

### ***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., 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 deferred outflows of resources 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Pioneer Career and Technology Center  
Richland County, Ohio**

*Notes to the Basic Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2016*

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Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its internal service fund activity.

The private purpose trust fund is reported using the economic resources measurement focus and is excluded from the governmental activities. All assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net position. The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Agency funds do not report a measurement focus as they do not report operations.

***D. 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 and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/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. 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 District, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the 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 5). 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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 as an advance, interest, tuition, grants, student fees, and rentals.

**Pioneer Career and Technology Center  
Richland County, Ohio**

*Notes to the Basic Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2016*

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***Deferred Inflows of Resources and Deferred Outflows 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 represent 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 District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 District, unavailable revenue may include delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 10).

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***E. Budgetary Process***

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

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

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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

***F. Cash and Investments***

To improve cash management, all cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "equity in pooled cash and investments." The District participates in the Jefferson Health Plan. The Jefferson Health Plan is an insurance consortium for self-insurance. These monies are held separate from the District's central bank account and are reflected in the financial statement as "cash and cash equivalents with fiscal agent."

During fiscal year 2016, investments were limited to STAR Ohio, money market and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2016.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$44,027, which includes \$14,035 assigned from other 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 District are reported as cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

***G. Inventory***

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method, which means that the costs of inventory items are recorded as expenditures in the governmental funds when consumed.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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***H. Capital Assets***

All capital assets of the District are classified as 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District has a capitalization threshold of \$5,000. The 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 assets or materially extend an asset's life are not.

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

| Description               | Estimated Lives |
|---------------------------|-----------------|
| Building and Improvements | 25-50 Years     |
| Furniture and Equipment   | 5-20 Years      |
| Vehicles                  | 5-15 Years      |

***I. Compensated Absences***

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for employees after twenty years of service based on historical trends.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account compensated absences payable. The noncurrent portion of the liability is not reported.

***J. Pensions***

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

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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***K. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long term obligations from proprietary funds are reported on the proprietary fund 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, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

***L. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2016, there was no net position restricted by enabling legislation.

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

***M. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. 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 loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

*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 or laws or regulations of other governments or is imposed by law through constitutional provisions.

**Pioneer Career and Technology Center  
Richland County, Ohio**

*Notes to the Basic Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2016*

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the 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. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's 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 balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The 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.

***N. Interfund Activity***

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

***O. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

***P. Estimates***

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

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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***Q. Implementation of New Accounting Policies***

For the fiscal year ended June 30, 2016, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

**NOTE 3: BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balance 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, is presented for the general fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget) rather than when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure (budget) rather than as a component of restricted, committed or assigned fund balance (GAAP).



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4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund:

| <b>Net Change in Fund Balance</b>        |                         |
|--|-------------------------|
|  | <u>General</u>          |
| GAAP Basis                               | \$ 1,250,835            |
| Net Adjustments for Revenue Accruals     | 197,002                 |
| Net Adjustments for Expenditure Accruals | 23,660                  |
| Funds Budgeted Elsewhere**               | (286)                   |
| Adjustment for Encumbrances              | <u>(182,737)</u>        |
| <br>Budget Basis                         | <br><u>\$ 1,288,474</u> |

\*\*As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed funds, uniform school supplies, special rotary, rotary, public school support and portions of the special trust funds.

**NOTE 4: DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active monies are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash in the 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 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 or by savings or deposit accounts including passbook accounts.

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*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus).
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any amount not to exceed forty percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 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.

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*Notes to the Basic Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2016*

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According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During fiscal year 2016, the District and public depositories complied with the provisions of these statutes.

***Deposits with Financial Institutions***

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At fiscal year-end, the carrying amount of the District's deposits was \$18,769,233, which includes \$425 cash on hand. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2016, \$8,632,716 of the District bank balance of \$19,337,556 was exposed to custodial risk as discussed above, while \$10,704,840 was covered by the Federal Deposit Insurance Corporation.

***Funds Held by Fiscal Agent***

The District participates in the Jefferson Health Plan for employee benefits. The District has \$1,170,916 representing internal service fund cash and cash equivalents with fiscal agent. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium.

***Cash with Escrow Agent***

At June 30, 2016, the District had \$782,575 in cash with an escrow agent equal to reserve requirements as required by certificates of participation issued during fiscal year 2009. This amount is recorded in the debt service fund (a nonmajor governmental fund) and is included in "Deposits with Financial Institutions." This amount is reported as "cash and cash equivalents with escrow agent" on the basic financial statements.

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**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

***Investments***

As of June 30, 2016, the District had the following investment and maturity:

| <u>Investment Type</u> | <u>Measurement Value</u> | <u>Investment Maturity<br/>3 Months<br/>or Less</u> | <u>Percentage<br/>of Total</u> |
|------------------------|--------------------------|---|--------------------------------|
| STAR Ohio              | \$ 1,546                 | \$ 1,546  | 100%                           |

***Credit Risk*** STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days and carries a rating of AAAM by S&P Global Ratings. The District has no investment policy that would further limit its investment choices.

***Concentration of Credit Risk.*** The District places no limit on the amount that may be invested in any one issuer.

**NOTE 5: PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 District. Real property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law 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 semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected in 2016 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.

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Richland County, Ohio**

*Notes to the Basic Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2016*

The District receives property taxes from Huron, Crawford, Ashland, Wyandot, Morrow, Richland, Marion and Seneca Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 in the general fund was \$1,442,590. The amount available for advance at June 30, 2015, in the general fund was \$1,602,323. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

|  | 2015 Second<br>Half Collections |             | 2016 First<br>Half Collections |             |
|--|---------------------------------|-------------|--------------------------------|-------------|
|  | Amount                          | Percent     | Amount                         | Percent     |
| Real Estate  | \$ 2,148,962,170                | 95%         | \$ 2,237,797,000               | 95%         |
| Public Utility Personal Property                       | 108,647,180                     | 5%          | 124,384,520                    | 5%          |
| <b>Total</b>   | <b>\$ 2,257,609,350</b>         | <b>100%</b> | <b>\$ 2,362,181,520</b>        | <b>100%</b> |
| <br>Full Tax Rate per \$1,000<br>of assessed valuation | <br>\$ 3.70                     |             | <br>\$ 3.70                    |             |

**NOTE 6: RECEIVABLES**

Receivables at June 30, 2016 consisted of taxes, accounts (billings for user charged services and student fees), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current fiscal year guarantee of Federal funds.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

**NOTE 7: CAPITAL ASSETS**

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

|  | Balance<br>6/30/2015 | Additions            | Deletions          | Balance<br>6/30/2016 |
|--|----------------------|----------------------|--------------------|----------------------|
| <b>Governmental Activities</b>                     |                      |                      |                    |                      |
| <i>Capital Assets not being depreciated:</i>       |                      |                      |                    |                      |
| Land   | \$ 25,000            | \$ 0                 | \$ 0               | \$ 25,000            |
| Construction in Progress                           | 11,845               | 0                    | (11,845)           | 0                    |
| <i>Total Capital Assets, not being depreciated</i> | <u>36,845</u>        | <u>0</u>             | <u>(11,845)</u>    | <u>25,000</u>        |
| <i>Capital Assets, being depreciated:</i>          |                      |                      |                    |                      |
| Building and Improvements                          | 33,493,155           | 0                    | 0                  | 33,493,155           |
| Furniture and Equipment                            | 5,343,594            | 958,670              | (188,703)          | 6,113,561            |
| Vehicles   | 494,255              | 92,273               | (15,189)           | 571,339              |
| <i>Total Capital Assets, being depreciated</i>     | <u>39,331,004</u>    | <u>1,050,943</u>     | <u>(203,892)</u>   | <u>40,178,055</u>    |
| <i>Less Accumulated Depreciation:</i>              |                      |                      |                    |                      |
| Building and Improvements                          | (5,794,255)          | (670,887)            | 0                  | (6,465,142)          |
| Furniture and Equipment                            | (2,439,092)          | (491,157)            | 167,329            | (2,762,920)          |
| Vehicles   | (417,309)            | (31,701)             | 15,189             | (433,821)            |
| <i>Total Accumulated Depreciation</i>              | <u>(8,650,656)</u>   | <u>(1,193,745) *</u> | <u>182,518</u>     | <u>(9,661,883)</u>   |
| <i>Total Capital Assets being depreciated, net</i> | <u>30,680,348</u>    | <u>(142,802)</u>     | <u>(21,374)</u>    | <u>30,516,172</u>    |
| <i>Governmental Activities Capital Assets, net</i> | <u>\$ 30,717,193</u> | <u>\$ (142,802)</u>  | <u>\$ (33,219)</u> | <u>\$ 30,541,172</u> |

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

|                                    |                            |
|------------------------------------|----------------------------|
| Instruction:                       |                            |
| Regular                            | \$ 52,400                  |
| Special                            | 12,414                     |
| Vocational                         | 803,860                    |
| Support Services:                  |                            |
| Pupil                              | 3,362                      |
| Instructional Staff                | 371                        |
| Administration                     | 64,676                     |
| Fiscal                             | 1,826                      |
| Operation and Maintenance of Plant | 91,129                     |
| Central                            | 35,347                     |
| Food Service                       | 86,701                     |
| Extracurricular Activities         | 41,659                     |
| <b>Total Depreciation Expense</b>  | <u><u>\$ 1,193,745</u></u> |

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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**NOTE 8: RISK MANAGEMENT**

***A. General Insurance***

The 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. The District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for general liability, school board legal liability, employee benefits liability, auto liability, property, and crime coverage, and new this year is cyber liability coverage. Commercial general liability has a \$15,000,000 per occurrence (no deductible), \$17,000,000 aggregate limit. Crime coverage is also provided with a limit of \$100,000 for public employee dishonesty, forgery, computer fraud and money and securities, and no deductible. The \$100,000 crime limit applies separately to each line of crime coverage.

Automobile physical damage is covered with a policy providing Actual Cash Value (ACV) for physical damage or cost of repair, whichever is less, with no deductible. Automobile liability has a \$15,000,000 limit of liability per accident or loss for bodily injury and property damage. School leader's errors and omissions policy is provided by SORSA in the amount of \$15,000,000 per occurrence, \$15,000,000 aggregate limit, with a \$1,000 deductible for each wrongful act.

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

***B. Workers' Compensation***

The District participates in a Workers' Compensation Group Retrospective Rating Program (GRRP). The intent of the GRRP is to reward participants that are able to keep their individual claim costs below a predetermined amount. The District continues to pay their individual premium; however, the District will have the opportunity to receive retrospective premium adjustments (refunds or assessments) at the end of the three evaluation periods. The group's retrospective premium will be calculated at 12, 24, and 36 months after the end of the policy year. At the end of each period, the Bureau of Workers Compensation (BWC) will take a snap-shot of the incurred claims losses for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, all the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by the BWC. Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRRP.

**Pioneer Career and Technology Center  
Richland County, Ohio**

*Notes to the Basic Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2016*

**C. Employee Health Insurance**

The District has elected to provide employee medical/surgical benefits through a self-insured program, which is administered through The Jefferson Health Plan. The District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical/surgical plan, with a \$150 single and \$300 family deductible per year. The plan also provides dental and vision care. The third-party administrator reviews and pays all claims. The administrator purchases stop-loss coverage of \$50,000 per claim. The District pays into the self-insurance internal service fund, on a per-month basis, \$1,399 for family health coverage, \$665 for individual health coverage, \$99 for family and individual dental coverage, \$15 for family vision coverage, and \$7 for individual vision coverage. The employee is responsible for contributing 10% of the health coverage premiums, and the Board of Education is responsible for paying the remainder. Premiums are charged to the fund that pays the salary for the employee. The claims liability of \$190,023 reported at June 30, 2016 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported.

Changes in the fund's claim liability for 2015 and 2016 are listed below.

|      | Balance<br>Beginning<br>of Year | Current<br>Year Claims | Claims<br>Payments | Balance<br>End of Year |
|------|---------------------------------|------------------------|--------------------|------------------------|
| 2015 | 187,361                         | 2,189,614              | 2,218,680          | \$ 158,295             |
| 2016 | 158,295                         | 2,440,218              | 2,408,490          | 190,023                |

**NOTE 9: OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. All employees earn three days of personal leave per year. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Vacation days may accumulate equal to two years of vacation. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-half days per month. Sick leave may be accumulated to a maximum of 235 days for certified personnel and 260 days for classified personnel. There is no carryover or conversion of personal leave.

Employees retiring with a minimum of three years of service with the District will be paid for one-third of accumulated, unused sick leave credit, not to exceed 72 days. Upon completion of ten or more years of service to the District, and first year eligible (according to the appropriate retirement system rules) retirement from the profession, payment is made for one-half of accumulated, unused sick leave credit with no cap.



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**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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***B. Life Insurance***

The District provides \$40,000 for staff members and 2.5 times administrative salary in life insurance and accidental death and dismemberment insurance to its general employees and to its administrators, respectively, through Madison National Life Insurance.

**NOTE 10: DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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*Notes to the Basic Financial Statements (Continued)*  
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***Plan Description - School Employees Retirement System (SERS)***

Plan Description –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<br>August 1, 2017*                              | Eligible to Retire on or after<br>August 1, 2017                                     |
|------------------------------|---|--|
| Full Benefits                | Any age with 30 years of service credit   | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2016.

The District’s contractually required contribution to SERS was \$427,206 for fiscal year 2016. Of this amount, \$7,530 is reported as an intergovernmental payable.

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*Notes to the Basic Financial Statements (Continued)*  
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***Plan Description - State Teachers Retirement System (STRS)***

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

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

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

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

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

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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. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$1,115,051 for fiscal year 2016. Of this amount, \$143,673 is reported as an intergovernmental payable.

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

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

|  | <u>STRS</u>   | <u>SERS</u>  | <u>Total</u>  |
|--|---------------|--------------|---------------|
| Proportionate Share of the Net Pension Liability | \$ 20,583,137 | \$ 5,537,636 | \$ 26,120,773 |
| Proportion of the Net Pension Liability          | 0.07447653%   | 0.09704770%  |               |
| Pension Expense                                  | \$ 937,037    | \$ 316,725   | \$ 1,253,762  |

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

|   | <u>STRS</u>         | <u>SERS</u>       | <u>Total</u>        |
|---|---------------------|-------------------|---------------------|
| <b>Deferred Outflows of Resources</b>   |                     |                   |                     |
| Differences between expected and actual experience  | \$ 938,253          | \$ 90,469         | \$ 1,028,722        |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 10,270              | 0                 | 10,270              |
| District contributions subsequent to the measurement date   | <u>1,115,051</u>    | <u>427,206</u>    | <u>1,542,257</u>    |
| <b>Total Deferred Outflows of Resources</b>   | <u>\$ 2,063,574</u> | <u>\$ 517,675</u> | <u>\$ 2,581,249</u> |
| <b>Deferred Inflows of Resources</b>  |                     |                   |                     |
| Net difference between projected and actual earnings on pension plan investments                              | \$ 1,478,802        | \$ 208,420        | \$ 1,687,222        |
| Changes in proportion and differences between District contributions and proportionate share of contributions | <u>0</u>            | <u>179,153</u>    | <u>179,153</u>      |
| <b>Total Deferred Inflows of Resources</b>  | <u>\$ 1,478,802</u> | <u>\$ 387,573</u> | <u>\$ 1,866,375</u> |

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\$1,542,257 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

|                             | STRS         | SERS         | Total        |
|-----------------------------|--------------|--------------|--------------|
| Fiscal Year Ending June 30: |              |              |              |
| 2017                        | \$ (331,012) | \$ (131,741) | \$ (462,753) |
| 2018                        | (331,012)    | (131,741)    | (462,753)    |
| 2019                        | (331,011)    | (132,183)    | (463,194)    |
| 2020                        | 462,756      | 98,561       | 561,317      |
|                             | \$ (530,279) | \$ (297,104) | \$ (827,383) |

***Actuarial Assumptions - SERS***

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

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

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

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

|  |  |
|--|--|
| Wage Inflation                               | 3.25 percent   |
| Future Salary Increases, including inflation | 4.00 percent to 22 percent                                   |
| COLA or Ad Hoc COLA                          | 3.00 percent   |
| Investment Rate of Return                    | 7.75 percent net of investments expense, including inflation |
| Actuarial Cost Method                        | Entry Age Normal   |

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

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

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

|  | 1% Decrease<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| District's proportionate share<br>of the net pension liability | \$ 7,678,711           | \$ 5,537,636                        | \$ 3,734,674           |

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***Actuarial Assumptions - STRS***

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

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

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

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

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

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

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

|  | 1% Decrease<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| District's proportionate share<br>of the net pension liability | \$ 28,591,526          | \$ 20,583,137                       | \$ 13,810,845          |

**NOTE 11: POSTEMPLOYMENT BENEFITS**

***A. School Employees Retirement System***

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](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. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2016, 2015, and 2014 were \$35,422, \$56,350 and \$41,438, respectively. For fiscal year 2016, 98 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2015 and 2014.



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***B. State Teachers Retirement System***

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. 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 Ohio to offer the Plan and gives the Retirement Board 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. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, STRS did not allocate any employer contributions to post-employment health care. The District’s contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$77,037, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**NOTE 12: INTERFUND TRANSFERS**

***A. Interfund Transfers***

Transfers made during fiscal year 2016 were as follows:

| Funds                       | Transfer<br>In | Transfer<br>Out |
|-----------------------------|----------------|-----------------|
| General Fund                | \$ 0           | \$ 827,249      |
| Nonmajor Governmental Funds | 827,249        | 0               |
|                             | \$ 827,249     | \$ 827,249      |

The general fund transferred \$400,000 to the permanent improvement fund and \$1,889 to local, state and federal grant funds to provide additional resources for current maintenance and capital improvements.

The general fund also transferred \$425,360 to the classroom facilities maintenance fund in order to comply with the District’s agreement with the Ohio Facilities Construction Commission that requires the District to annually contribute monies to the classroom facilities maintenance fund (a nonmajor governmental fund).

Interfund transfers between governmental funds are eliminated in the statement of activities.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
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**B. Interfund Balances**

Interfund receivable/payables at June 30, 2016 consisted of the following:

| Funds                       | Interfund<br>Receivable | Interfund<br>Payable |
|-----------------------------|-------------------------|----------------------|
| General Fund                | \$ 91,500               | \$ 0                 |
| Nonmajor Governmental Funds | 0                       | 91,500               |
|                             | \$ 91,500               | \$ 91,500            |

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2016, all interfund loans outstanding are anticipated to be repaid in fiscal year 2017.

**NOTE 13: LONG-TERM OBLIGATIONS**

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

|   | Balance<br>06/30/2015 | Additions    | Deductions   | Balance<br>06/30/2016 | Due Within<br>One Year |
|---|-----------------------|--------------|--------------|-----------------------|------------------------|
| <i>Governmental Activities:</i>                           |                       |              |              |                       |                        |
| Energy Conservation Bonds, 5.51%, maturing 2016           | \$ 65,000             | \$ 0         | \$ (65,000)  | \$ 0                  | \$ 0                   |
| <i>Certificates of Participation</i>                      |                       |              |              |                       |                        |
| Certificates of Participation, 3.0%-5.125%, maturing 2022 | 2,120,000             | 0            | (270,000)    | 1,850,000             | 280,000                |
| Certificates of Participation, 4.5%-5.125%, maturing 2037 | 9,515,000             | 0            | 0            | 9,515,000             | 50,000                 |
| <i>Total Certificates of Participation</i>                | 11,635,000            | 0            | (270,000)    | 11,365,000            | 330,000                |
| <i>Net Pension Liability</i>                              |                       |              |              |                       |                        |
| STRS  | 18,104,351            | 2,478,786    | 0            | 20,583,137            | 0                      |
| SERS  | 5,116,411             | 421,225      | 0            | 5,537,636             | 0                      |
| <i>Total Net Pension Liability</i>                        | 23,220,762            | 2,900,011    | 0            | 26,120,773            | 0                      |
| <i>Other Long-Term Obligations:</i>                       |                       |              |              |                       |                        |
| Capital Lease   | 201,232               | 24,486       | (47,615)     | 178,103               | 52,808                 |
| Compensated Absences                                      | 957,443               | 236,832      | (238,950)    | 955,325               | 188,864                |
| <i>Total Other Long-Term Obligations</i>                  | 1,158,675             | 261,318      | (286,565)    | 1,133,428             | 241,672                |
| <i>Total General Long-Term Obligations</i>                | \$ 36,079,437         | \$ 3,161,329 | \$ (621,565) | \$ 38,619,201         | \$ 571,672             |

In a prior fiscal year, the District issued energy conservation bonds to provide for energy improvements to various District buildings. The primary source of repayment of these bonds is through energy savings as a result of the improvements. Principal and interest payments are made from the general fund.

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On August 21, 2008, the District issued \$11,970,000 in certificates of participation (“COPs”) to finance the acquisition, construction, installation and improvement of District facilities. The COPs bear interest rates ranging from 3.00 percent to 5.125 percent. Interest payments on the COPs are due on June 1 and December 1 of each year. The final maturity stated in the issue was December 1, 2036. Principal and interest payments are made from the general fund. The District partially refunded this during fiscal year 2015, resulting in a new final maturity on December 1, 2021.

On March 18, 2015, the District issued \$9,515,000 in certificates of participation (“COPs”) to partially refund the District’s 2008 COPs. The COPs bear interest rates ranging from 4.50 percent to 5.125 percent. Interest payments on the COPs are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2021. Principal and interest payments are made from the general fund.

These refunding COPs were issued with a premium of \$69,323 which was reported as revenue. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$(1,327,287). The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,020,120. The issuance resulted in an economic gain of \$458,397. As a result, the refunded COPs are considered to be defeased and the liability has been removed from the governmental column of the statement of net position. The principal balance outstanding on the defeased COPs was \$8,420,000 at June 30, 2016.

Compensated absences will be paid from the fund from which the employee is paid, which for the District is primarily the general fund. The District pays obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2016 are as follows:

| Fiscal Year    | Certificates of Participation |              |
|----------------|-------------------------------|--------------|
| Ending June 30 | Principal                     | Interest     |
| 2017           | \$ 330,000                    | \$ 394,695   |
| 2018           | 340,000                       | 382,545      |
| 2019           | 350,000                       | 369,871      |
| 2020           | 440,000                       | 354,802      |
| 2021           | 735,000                       | 332,973      |
| 2022 - 2026    | 2,615,000                     | 1,345,620    |
| 2027 - 2031    | 2,685,000                     | 928,112      |
| 2032 - 2036    | 3,165,000                     | 427,557      |
| 2037           | 705,000                       | 13,218       |
|                | \$ 11,365,000                 | \$ 4,549,393 |

**Pioneer Career and Technology Center**  
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*Notes to the Basic Financial Statements (Continued)*  
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**NOTE 14: CAPITAL LEASE – LESSEE DISCLOSURE**

In the current fiscal year and in prior fiscal years, the District entered into capitalized leases for copiers and a mailing machine. These lease agreements meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copiers and a mailing machine have been capitalized in the amount of \$300,155. This amount approximately represents the present value of the minimum lease payments at the time of acquisition. As of June 30, 2016, accumulated depreciation was \$129,763, resulting in a net carrying value of \$170,392. A liability is recorded in the government-wide financial statements equal to the present value of the future minimum lease payments. Principal payments in fiscal year 2016 totaled \$47,615 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2016.

|   |      | Capital<br>Lease |
|---|------|------------------|
| For Fiscal Year Ending June 30,             | 2016 | \$ 60,925        |
|   | 2017 | 59,603           |
|   | 2018 | 44,456           |
|   | 2019 | 27,333           |
|   | 2020 | 2,646            |
| Total                                       |      | 194,963          |
| Less: Amount Representing Interest          |      | (16,860)         |
| Present Value of Net Minimum Lease Payments |      | \$ 178,103       |

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
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*For the Fiscal Year Ended June 30, 2016*

**NOTE 15: FUND BALANCE**

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

|                                  | General              | Classroom<br>Facilities | Other<br>Governmental<br>Funds | Total                |
|----------------------------------|----------------------|-------------------------|--------------------------------|----------------------|
| Nonspendable for:                |                      |                         |                                |                      |
| Inventory                        | \$ 33,151            | \$ 0                    | \$ 0                           | \$ 33,151            |
| Prepays                          | 11,959               | 0                       | 0                              | 11,959               |
| Unclaimed Funds                  | 7,931                | 0                       | 0                              | 7,931                |
| <b>Total Nonspendable</b>        | <b>53,041</b>        | <b>0</b>                | <b>0</b>                       | <b>53,041</b>        |
| Restricted for:                  |                      |                         |                                |                      |
| Debt Service                     | 0                    | 0                       | 789,117                        | 789,117              |
| Capital Projects                 | 0                    | 3,756,999               | 41,213                         | 3,798,212            |
| Classroom Facilities Maintenance | 0                    | 0                       | 1,154,747                      | 1,154,747            |
| Food Services                    | 0                    | 0                       | 60,850                         | 60,850               |
| Adult Education                  | 0                    | 0                       | 319,917                        | 319,917              |
| Public Preschool                 | 0                    | 0                       | 6,042                          | 6,042                |
| Other Purposes                   | 0                    | 0                       | 7,719                          | 7,719                |
| <b>Total Restricted</b>          | <b>0</b>             | <b>3,756,999</b>        | <b>2,379,605</b>               | <b>6,136,604</b>     |
| Committed for:                   |                      |                         |                                |                      |
| Capital Projects                 | 0                    | 0                       | 446,209                        | 446,209              |
| Assigned for:                    |                      |                         |                                |                      |
| Instruction                      | 51,968               | 0                       | 0                              | 51,968               |
| Support Services                 | 84,463               | 0                       | 0                              | 84,463               |
| Extracurricular Activities       | 4,951                | 0                       | 0                              | 4,951                |
| Capital Projects                 | 0                    | 0                       | 806,207                        | 806,207              |
| Other Purposes                   | 287,606              | 0                       | 0                              | 287,606              |
| Subsequent Year Appropriations   | 432,228              | 0                       | 0                              | 432,228              |
| <b>Total Assigned</b>            | <b>861,216</b>       | <b>0</b>                | <b>806,207</b>                 | <b>1,667,423</b>     |
| Unassigned                       | 9,700,466            | 0                       | (11,174)                       | 9,689,292            |
| <b>Total Fund Balance</b>        | <b>\$ 10,614,723</b> | <b>\$ 3,756,999</b>     | <b>\$ 3,620,847</b>            | <b>\$ 17,992,569</b> |

The Carl Perkins grant fund had a deficit fund balance of \$11,174, deficits in this nonmajor governmental fund resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and will provide transfers when cash is required, not when accruals occur.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

**NOTE 16: SET-ASIDES**

The 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

|   | Capital<br>Improvement<br>Reserve |
|---|-----------------------------------|
| Set-aside Reserve Balance as of June 30, 2015 | \$ 0                              |
| Current Year Set Aside Requirement            | 205,264                           |
| Current Year Offsets                          | (400,000)                         |
| Total   | <u>\$ (194,736)</u>               |
| Balance Carried Forward to Fiscal Year 2017   | <u>\$ 0</u>                       |
| Set Aside Reserve Balance as of June 30, 2016 | <u>\$ 0</u>                       |

Although the District had current year offsets during the fiscal year that reduced the set-aside amount to below zero, this amount may not be used to reduce the set aside requirement for future years. The negative balance is, therefore, not presented as being carried forward to future years.

**NOTE 17: JOINT VENTURE WITHOUT EQUITY INTEREST**

***Heartland Council of Governments/North Central Ohio Computer Cooperative (the “COG”)*** The COG is a jointly governed organization among 15 school districts, 8 community schools, 1 educational service center, and 1 career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot Counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per-pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of Superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2016, the District paid \$284,302 to the COG for various services. The District serves as fiscal agent for the COG, and financial activity for fiscal year 2016 is reported in the basic financial statements as an agency fund.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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**NOTE 18: PUBLIC ENTITY RISK POOLS**

***A. Risk Sharing Pools***

**Schools of Ohio Risk Sharing Authority**

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of Directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the participants' property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code Chapter 2744.

**The Jefferson Health Plan**

The District participates in The Jefferson Health Plan (the "Plan"), a council of governments of school districts and other political subdivisions organized and existing as a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code to provide healthcare and related insurance benefits to over fifty member organizations. The Plan's business affairs are conducted by a Board of Directors elected from member organizations and composed of one representative from each county served and a career center representative. Each member organization pays a monthly premium based on its claims history and a monthly administration fee.

***B. Insurance Purchasing Pool***

The District participates in a Workers' Compensation Group Retrospective Rating Program (GRRP). The GRRP is offered by the Ohio Bureau of Workers' Compensation and is administered by Sheakley Uniservice, Inc. The intent of the GRRP is to reward participants that are able to keep their individual claim costs below a predetermined amount with refunds at the end of predetermined evaluation periods.

**NOTE 19: CONTINGENCIES**

***A. Grants***

The District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

***B. Litigation***

The District is not party to any claims or lawsuits that would have a material effect on the basic financial statements.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2016*

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***C. School District Funding***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 or June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**NOTE 20: COMMITMENTS**

***Encumbrance Commitments***

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At fiscal year end, the District's commitments for encumbrances in the governmental funds were as follows:

| <u>Funds</u>                      | <u>Amount</u>            |
|-----------------------------------|--------------------------|
| General Fund                      | \$ 142,361               |
| Classroom Facilities              | 32,559                   |
| Other Nonmajor Governmental Funds | <u>18,191</u>            |
|                                   | <u><u>\$ 193,111</u></u> |



**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Required Supplementary Information*  
*Schedule of the District's Proportionate Share of the Net Pension Liability*  
*Last Three Fiscal Years (1)*

|  | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   |
|--|---------------|---------------|---------------|
| <b><i>State Teachers Retirement System (STRS)</i></b>  |               |               |               |
| District's Proportion of the Net Pension Liability   | 0.07447653%   | 0.07443163%   | 0.07443163%   |
| District's Proportionate Share of the Net Pension Liability  | \$ 20,583,137 | \$ 18,104,348 | \$ 21,565,781 |
| District's Covered-Employee Payroll  | \$ 7,878,943  | \$ 7,703,738  | \$ 8,386,423  |
| District's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered-Employee Payroll | 261.24%       | 235.01%       | 257.15%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                     | 72.10%        | 74.70%        | 69.30%        |
| <b><i>School Employees Retirement System (SERS)</i></b>  |               |               |               |
| District's Proportion of the Net Pension Liability   | 0.09704770%   | 0.10109600%   | 0.10109600%   |
| District's Proportionate Share of the Net Pension Liability  | \$ 5,537,636  | \$ 5,116,411  | \$ 6,011,855  |
| District's Covered-Employee Payroll  | \$ 2,923,050  | \$ 2,988,312  | \$ 2,745,484  |
| District's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered-Employee Payroll | 189.45%       | 171.21%       | 218.97%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                     | 69.16%        | 71.70%        | 65.52%        |

(1) Information prior to 2013 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date.

**Pioneer Career and Technology Center**  
**Richland County, Ohio**  
*Required Supplementary Information*  
*Schedule of District Contributions*  
*Last Ten Fiscal Years*

|   | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>        |
|---|--------------------|--------------------|--------------------|--------------------|
| <b><i>State Teachers Retirement System (STRS)</i></b>                   |                    |                    |                    |                    |
| Contractually Required Contribution                                     | \$ 1,115,051       | \$ 1,103,052       | \$ 1,001,486       | \$ 1,090,235       |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>(1,115,051)</u> | <u>(1,103,052)</u> | <u>(1,001,486)</u> | <u>(1,090,235)</u> |
| Contribution Deficiency (Excess)  | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        |
| District's Covered-Employee Payroll                                     | \$ 7,964,650       | \$ 7,878,943       | \$ 7,703,738       | \$ 8,386,423       |
| Contributions as a Percentage of<br>Covered-Employee Payroll            | 14.00%             | 14.00%             | 13.00%             | 13.00%             |
| <br><b><i>School Employees Retirement System (SERS)</i></b>             |                    |                    |                    |                    |
| Contractually Required Contribution                                     | \$ 427,206         | \$ 385,258         | \$ 414,180         | \$ 379,975         |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>(427,206)</u>   | <u>(385,258)</u>   | <u>(414,180)</u>   | <u>(379,975)</u>   |
| Contribution Deficiency (Excess)  | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        |
| District's Covered-Employee Payroll                                     | \$ 3,051,471       | \$ 2,923,050       | \$ 2,988,312       | \$ 2,745,484       |
| Contributions as a Percentage of<br>Covered-Employee Payroll            | 14.00%             | 13.18%             | 13.86%             | 13.84%             |

n/a - Information prior to 2008 is not available.

| <u>2012</u>        | <u>2011</u>        | <u>2010</u>        | <u>2009</u>        | <u>2008</u>        | <u>2007</u>      |
|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| \$ 1,109,545       | \$ 1,128,261       | \$ 1,109,374       | \$ 1,122,335       | \$ 1,026,341       | \$ 978,433       |
| <u>(1,109,545)</u> | <u>(1,128,261)</u> | <u>(1,109,374)</u> | <u>(1,122,335)</u> | <u>(1,026,341)</u> | <u>(978,433)</u> |
| <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>      |
| \$ 8,534,962       | \$ 8,678,931       | \$ 8,533,646       | \$ 8,633,346       | \$ 7,894,931       | \$ 7,526,408     |
| 13.00%             | 13.00%             | 13.00%             | 13.00%             | 13.00%             | 13.00%           |
| \$ 370,036         | \$ 332,385         | \$ 348,524         | \$ 249,464         | \$ 232,849         | n/a              |
| <u>(370,036)</u>   | <u>(332,385)</u>   | <u>(348,524)</u>   | <u>(249,464)</u>   | <u>(232,849)</u>   | n/a              |
| <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>        | n/a              |
| \$ 2,751,197       | \$ 2,644,272       | \$ 2,574,032       | \$ 2,535,203       | \$ 2,371,171       | n/a              |
| 13.45%             | 12.57%             | 13.54%             | 9.84%              | 9.82%              | n/a              |

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October 14, 2016

To the Board of Education  
Pioneer Career and Technology Center  
Richland County, Ohio  
27 Ryan Road  
Shelby, OH 44875

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pioneer Career and Technology Center, Richland County, Ohio (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kea & Associates, Inc.*

Medina, Ohio



# Dave Yost • Auditor of State

PIONEER CAREER AND TECHNOLOGY CENTER

RICHLAND 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  
DECEMBER 29, 2016