



**PIONEER CAREER AND TECHNOLOGY CENTER:  
A VOCATIONAL SCHOOL DISTRICT  
RICHLAND COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**PIONEER CAREER AND TECHNOLOGY CENTER:  
A VOCATIONAL SCHOOL DISTRICT  
RICHLAND COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Pioneer Career and Technology Center:  
A Vocational School District  
Richland County  
27 Ryan Road  
Shelby, Ohio 44875

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Pioneer Career and Technology Center:  
A Vocational School District  
Richland County  
Report of Independent Accountants  
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We performed our audit to form an opinion on the general purpose financial statements of the District taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 31, 2001

**PIONEER CAREER AND TECHNOLOGY CENTER**  
**RICHLAND COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>ASSETS AND OTHER DEBITS</b>									
<b>ASSETS:</b>									
Equity in pooled cash and cash equivalents . . . . .	\$4,705,514	\$231,741	\$648,148	\$206,420		\$665,999			\$6,457,822
Equity in pooled cash and cash equivalents - nonexpendable trust fund. . . . .						22,532			22,532
Cash with fiscal agent . . . . .					\$427,414				427,414
Restricted Cash . . . . .	65,263								65,263
Receivables (net of allowances of uncollectibles):									
Property taxes - current & delinquent . . . . .	5,852,116								5,852,116
Accounts . . . . .	24,669			42,028					66,697
Accrued interest . . . . .	173,761								173,761
Interfund loan receivable . . . . .	285,000								285,000
Due from other governments . . . . .		190,515							190,515
Advances to other funds . . . . .				4,616	81,285				85,901
Prepayments . . . . .	25,617								25,617
Materials and supplies inventory . . . . .	41,936			55,544					97,480
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .				71,269			\$10,400,816		10,472,085
<b>OTHER DEBITS:</b>									
Amount to be provided for retirement of General Long-Term Obligations. . . . .								\$2,422,182	2,422,182
<b>Total assets and other debits . . . . .</b>	<b>\$11,173,876</b>	<b>\$422,256</b>	<b>\$648,148</b>	<b>\$379,877</b>	<b>\$508,699</b>	<b>\$688,531</b>	<b>\$10,400,816</b>	<b>\$2,422,182</b>	<b>\$26,644,385</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**PIONEER CAREER AND TECHNOLOGY CENTER**  
**RICHLAND COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>									
<b>LIABILITIES:</b>									
Accounts payable . . . . .	\$48,983	\$50,615	\$138,452	\$2,712		\$169			\$240,931
Accrued wages and benefits . . . . .	884,308	87,905		54,394					1,026,607
Compensated absences payable . . . . .	44,422			67,807				\$1,342,899	1,455,128
Pension obligation payable . . . . .	6,624	2,161		8,734					17,519
Interfund loan payable . . . . .		85,100		199,900					285,000
Advances from other funds . . . . .	85,901								85,901
Deferred revenue . . . . .	5,256,899	108,009		5,447					5,370,355
Due to other governments . . . . .						512,113			512,113
Due to students . . . . .						38,409			38,409
Claims payable . . . . .					\$301,136				301,136
General obligation bonds payable . . . . .								300,000	300,000
Energy conservation notes payable . . . . .								695,000	695,000
Obligation under capital lease . . . . .								84,283	84,283
<b>Total liabilities . . . . .</b>	<b>6,327,137</b>	<b>333,790</b>	<b>138,452</b>	<b>338,994</b>	<b>301,136</b>	<b>550,691</b>		<b>2,422,182</b>	<b>10,412,382</b>
<b>EQUITY AND OTHER CREDITS:</b>									
Investment in general fixed assets . . . . .							\$10,400,816		10,400,816
Contributed capital . . . . .				177,861					177,861
Accumulated deficit . . . . .				(136,978)					(136,978)
Retained earnings: unreserved . . . . .					207,563				207,563
Fund balances:									
Reserved for BWC refund . . . . .	65,263								65,263
Reserved for encumbrances . . . . .	222,187	85,693	138,063			186			446,129
Reserved for supplies inventory . . . . .	41,936								41,936
Reserved for prepayments . . . . .	25,617								25,617
Reserved for principal endowment . . . . .						19,824			19,824
Reserved for tax revenue unavailable for appropriation . . . . .	742,205								742,205
Unreserved-undesignated . . . . .	3,749,531	2,773	371,633			117,830			4,241,767
<b>Total equity and other credits . . . . .</b>	<b>4,846,739</b>	<b>88,466</b>	<b>509,696</b>	<b>40,883</b>	<b>207,563</b>	<b>137,840</b>	<b>10,400,816</b>		<b>16,232,003</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$11,173,876</b>	<b>\$422,256</b>	<b>\$648,148</b>	<b>\$379,877</b>	<b>\$508,699</b>	<b>\$688,531</b>	<b>\$10,400,816</b>	<b>\$2,422,182</b>	<b>\$26,644,385</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**PIONEER CAREER AND TECHNOLOGY CENTER**  
**RICHLAND COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$5,377,445		\$112,832			\$5,490,277
Tuition . . . . .		\$70				70
Earnings on investments . . . . .	316,405		931		\$2,986	320,322
Other local revenues . . . . .	256,779	91,751		\$830	103,656	453,016
Other revenue . . . . .		25,000				25,000
Intergovernmental - State . . . . .	5,536,301	502,632		59,345		6,098,278
Intergovernmental - Federal . . . . .	22,795	929,829				952,624
<b>Total revenues . . . . .</b>	<b>11,509,725</b>	<b>1,549,282</b>	<b>113,763</b>	<b>60,175</b>	<b>106,642</b>	<b>13,339,587</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	631,913	2,297				634,210
Special . . . . .	223,518					223,518
Vocational . . . . .	5,057,461	405,860			2,000	5,465,321
Other . . . . .	181,636	206,122				387,758
Support services:						
Pupil . . . . .	584,968	413,696				998,664
Instructional staff . . . . .	587,603	397,361				984,964
Board of Education . . . . .	49,663					49,663
Administration . . . . .	664,480	52,663				717,143
Fiscal . . . . .	376,672	16,733				393,405
Business . . . . .	124,402				4,807	129,209
Operations and maintenance . . . . .	916,721	4,355				921,076
Pupil transportation . . . . .	17,324	32,475				49,799
Central . . . . .	47,474	112,955				160,429
Extracurricular activities . . . . .	26,312					26,312
Facilities services . . . . .				1,237,218		1,237,218
Capital Outlay . . . . .	70,545			22,322		92,867
Debt service:						
Principal retirement . . . . .	31,133		65,000			96,133
Interest and fiscal charges . . . . .	5,617		48,763			54,380
<b>Total expenditures . . . . .</b>	<b>9,597,442</b>	<b>1,644,517</b>	<b>113,763</b>	<b>1,259,540</b>	<b>6,807</b>	<b>12,622,069</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	1,912,283	(95,235)		(1,199,365)	99,835	717,518
Other financing sources (uses):						
Operating transfers in . . . . .		7,137		650,000		657,137
Operating transfers out . . . . .	(705,696)					(705,696)
Inception of capital lease . . . . .	70,545					70,545
Proceeds of notes . . . . .				695,000		695,000
Proceeds from sale of fixed assets . . . . .	3,029					3,029
<b>Total other financing sources (uses) . . . . .</b>	<b>(632,122)</b>	<b>7,137</b>		<b>1,345,000</b>	<b>0</b>	<b>720,015</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	1,280,161	(88,098)		145,635	99,835	1,437,533
Fund balance, July 1 . . . . .	3,563,287	176,564	0	364,061	15,473	4,119,385
Increase in reserve for inventory . . . . .	3,291					3,291
<b>Fund balance, June 30 . . . . .</b>	<b>\$4,846,739</b>	<b>\$88,466</b>	<b>\$0</b>	<b>\$509,696</b>	<b>\$115,308</b>	<b>\$5,560,209</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**PIONEER CAREER & TECHNOLOGY CENTER**  
**RICHLAND COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$6,859,204	\$5,455,865	(\$1,403,339)				\$112,838	\$112,832	(\$6)				\$6,972,042	\$5,568,697	(\$1,403,345)
Tuition.....				592	\$70	(\$22)							92	70	(22)
Earnings on investments.....	336,189	271,038	(65,151)	17,277	13,111	(4,166)	931	931	0				354,397	285,080	(69,317)
Other local revenues.....	52,085	41,418	(10,667)	98,936	75,080	(23,856)				\$921	\$830	(\$91)	151,942	117,328	(34,614)
Other revenue.....				32,944	25,000	(7,944)							32,944	25,000	(7,944)
Intergovernmental - State.....	6,964,072	5,536,300	(1,427,772)	653,240	493,801	(159,439)				65,846	59,345	(6,501)	7,683,158	6,089,446	(1,593,712)
Intergovernmental - Federal.....	28,666	22,795	(5,871)	1,114,996	848,067	(266,929)							1,143,662	870,862	(272,800)
Total revenues.....	14,240,216	11,327,416	(2,912,800)	1,917,485	1,455,129	(462,356)	113,769	113,763	(6)	66,767	60,175	(6,592)	16,338,237	12,956,483	(3,381,754)
Expenditures:															
Current:															
Instruction:															
Regular.....	620,608	618,204	2,404	2,310	2,297	13							622,918	620,501	2,417
Special.....	223,301	222,436	865										223,301	222,436	865
Vocational.....	5,160,786	5,140,793	19,993	369,930	367,901	2,029							5,530,716	5,508,694	22,022
Other.....				205,650	204,523	1,127							205,650	204,523	1,127
Support services:															
Pupil.....	619,328	616,928	2,400	425,313	422,980	2,333							1,044,641	1,039,908	4,733
Instructional staff.....	634,963	632,503	2,460	368,759	366,738	2,021							1,003,722	999,241	4,481
Board of Education.....	50,712	50,516	196										50,712	50,516	196
Administration.....	726,435	723,621	2,814	52,794	52,505	289							779,229	776,126	3,103
Fiscal.....	386,063	384,567	1,496	16,763	16,671	92							402,826	401,238	1,588
Business.....	142,796	142,243	553										142,796	142,243	553
Operations and maintenance.....	995,632	991,775	3,857	5,887	5,855	32							1,001,519	997,630	3,889
Pupil transportation.....	18,252	18,181	71	32,654	32,475	179							50,906	50,656	250
Central.....	54,151	53,941	210	116,428	115,790	638							170,579	169,731	848
Extracurricular activities.....	26,819	26,715	104										26,819	26,715	104
Facilities services.....										1,491,489	1,604,420	(112,931)	1,491,489	1,604,420	(112,931)
Debt service:															
Principal retirement.....							65,003	65,000	3				65,003	65,000	3
Interest and fiscal charges.....							48,766	48,763	3				48,766	48,763	3
Total expenditures.....	9,659,846	9,622,423	37,423	1,596,488	1,587,735	8,753	113,769	113,763	6	1,491,489	1,604,420	(112,931)	12,861,592	12,928,341	(66,749)
Excess (deficiency) of revenues over (under) expenditures.....	4,580,370	1,704,993	(2,875,377)	320,997	(132,606)	(453,603)	0	0	0	(1,424,722)	(1,544,245)	(119,523)	3,476,645	28,142	(3,448,503)
Other financing sources (uses):															
Refund of prior year's expenditures.....	55,105	43,819	(11,286)										55,105	43,819	(11,286)
Refund of prior year's (receipts).....				(729)	(725)	4							(729)	(725)	4
Operating transfers in.....				19,462	14,769	(4,693)				721,201	650,000	(71,201)	740,663	664,769	(75,894)
Operating transfers (out).....	(723,499)	(720,696)	2,803	(7,674)	(7,632)	42							(731,173)	(728,328)	2,845
Advances in.....	314,389	250,000	(64,389)	98,962	75,100	(23,862)							413,351	325,100	(88,251)
Advances (out).....	(286,108)	(285,000)	1,108	(40,220)	(40,000)	220							(326,328)	(325,000)	1,328
Proceeds of notes.....										771,130	695,000	(76,130)	771,130	695,000	(76,130)
Proceeds from sale of fixed assets.....	3,809	3,029	(780)										3,809	3,029	(780)
Total other financing sources (uses).....	(636,304)	(708,848)	(72,544)	69,801	41,512	(28,289)	0	0	0	1,492,331	1,345,000	(147,331)	925,828	677,664	(248,164)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	3,944,066	996,145	(2,947,921)	390,798	(91,094)	(481,892)	0	0	0	67,609	(199,245)	(266,854)	4,402,473	705,806	(3,696,667)
Fund balances, July 1.....	3,329,405	3,329,405	0	118,282	118,282	0	0	0	0	255,099	255,099	0	3,702,786	3,702,786	0
Prior year encumbrances appropriated.....	152,819	152,819	0	96,801	96,801	0				338,101	338,101	0	587,721	587,721	0
Fund balances, June 30.....	\$7,426,290	\$4,478,369	(\$2,947,921)	\$605,881	\$123,989	(\$481,892)	\$0	\$0	\$0	\$660,809	\$393,955	(\$266,854)	\$8,692,980	\$4,996,313	(\$3,696,667)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**PIONEER CAREER AND TECHNOLOGY CENTER**  
**RICHLAND COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN (ACCUMULATED DEFICIT) RETAINED EARNINGS/FUND BALANCE  
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees . . . . .	\$444,811			\$444,811
Sales/charges for services . . . . .	230,981	\$1,107,420		1,338,401
Investment earnings . . . . .			\$1,313	1,313
Other operating revenues . . . . .		786	1,786	2,572
<b>Total operating revenues . . . . .</b>	<b>675,792</b>	<b>1,108,206</b>	<b>3,099</b>	<b>1,787,097</b>
Operating expenses:				
Personal services . . . . .	780,727			780,727
Contract services . . . . .	60,320	19,277		79,597
Materials and supplies . . . . .	194,799			194,799
Depreciation . . . . .	31,168			31,168
Other . . . . .	15,510		750	16,260
Claims expense . . . . .		1,195,883		1,195,883
<b>Total operating expenses . . . . .</b>	<b>1,082,524</b>	<b>1,215,160</b>	<b>750</b>	<b>2,298,434</b>
Operating income (loss) . . . . .	(406,732)	(106,954)	2,349	(511,337)
Nonoperating revenues:				
Operating grants . . . . .	287,826			287,826
Federal commodities . . . . .	11,114			11,114
Interest revenue . . . . .	9,510	12,974		22,484
Loss on disposal of assets . . . . .	(28,973)			(28,973)
<b>Total nonoperating revenues . . . . .</b>	<b>279,477</b>	<b>12,974</b>	<b>0</b>	<b>292,451</b>
Net income (loss) before operating transfers . . . . .	(127,255)	(93,980)	2,349	(218,886)
Operating transfers in . . . . .	48,559			48,559
Net income (loss) . . . . .	(78,696)	(93,980)	2,349	(170,327)
(Accumulated deficit)Retained earnings/ fund balance July 1 . . . . .	(58,282)	301,543	20,183	263,444
(Accumulated deficit)Retained earnings/ fund balance June 30 . . . . .	(136,978)	207,563	22,532	93,117
Contributed Capital July 1 . . . . .	177,861	0	0	177,861
Current Year Contributed Capital . . . . .	0	0	0	0
Contributed Capital June 30 . . . . .	177,861	0	0	177,861
<b>Total Fund Equity at End of Year</b>	<b>\$40,883</b>	<b>\$207,563</b>	<b>\$22,532</b>	<b>\$270,978</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**PIONEER CAREER AND TECHNOLOGY CENTER**  
**RICHLAND COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Cash flows from operating activities:</b>				
Cash received from tuition and fees . . . . .	\$478,328			\$478,328
Cash received from sales/service charges . . . . .	227,537	\$1,107,420		1,334,957
Cash received from other operations . . . . .		786	\$1,786	2,572
Cash payments for personal services . . . . .	(742,979)			(742,979)
Cash payments for contract services . . . . .	(58,235)	(19,277)		(77,512)
Cash payments supplies and materials . . . . .	(199,186)			(199,186)
Cash payments for claims . . . . .		(956,508)		(956,508)
Cash payments for other expenses . . . . .	(15,510)		(750)	(16,260)
Net cash provided by (used in) operating activities. . . . .	(310,045)	132,421	1,036	(176,588)
<b>Cash flows from noncapital financing activities:</b>				
Cash received from operating grants . . . . .	287,826			287,826
Cash received from operating transfers . . . . .	52,723			52,723
Cash used for operating transfers . . . . .	(4,164)			(4,164)
Cash received from interfund loans . . . . .	199,900			199,900
Cash used for repayment of interfund loans. . . . .	(210,000)			(210,000)
Net cash provided by noncapital financing activities . . . . .	326,285			326,285
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .	(60,810)			(60,810)
<b>Cash flows from investing activities:</b>				
Interest received . . . . .	9,510	12,974	1,313	23,797
Net increase (decrease) in cash and cash equivalents . . . . .	(35,060)	145,395	2,349	112,684
Cash and cash equivalents at beginning of year. . . . .	241,480	282,019	20,183	543,682
Cash and cash equivalents at end of year . . . . .	<u>\$206,420</u>	<u>\$427,414</u>	<u>\$22,532</u>	<u>\$656,366</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss). . . . .	(\$406,732)	(\$106,954)	\$2,349	(\$511,337)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation . . . . .	31,168			31,168
Federal donated commodities . . . . .	11,114			11,114
Interest reported as operating income . . . . .			(1,313)	(1,313)
<b>Changes in assets and liabilities:</b>				
Increase in supplies inventory. . . . .	(17,047)			(17,047)
Decrease in accounts receivable . . . . .	30,073			30,073
Decrease in prepayments . . . . .	1,598			1,598
Decrease in accounts payable . . . . .	(24)			(24)
Decrease in accrued wages & benefits. . . . .	(10,280)			(10,280)
Increase in compensated absences payable . . . . .	48,402			48,402
Decrease in pension obligation payable. . . . .	(374)			(374)
Increase in claims payable. . . . .		239,375		239,375
Increase in deferred revenue. . . . .	2,057			2,057
Net cash provided by (used in) operating activities. . . . .	<u>(\$310,045)</u>	<u>\$132,421</u>	<u>\$1,036</u>	<u>(\$176,588)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

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 mission is to provide students with job training, which is expected to lead to the students' employment upon graduation from high school. 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 of plant, food services, extracurricular activities, and nonprogrammed services. It is staffed by 39 non-certificated employees and 141 certificated full-time teaching personnel, who provide services to 879 students and other community members.

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

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**A. Reporting Entity - (Continued)**

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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or 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 for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

*Joint Venture Without Equity Interest:*

The Heartland Council of Governments (Heartland), formerly the North Central Ohio Computer Cooperative (NCOCC), is a joint venture among 16 school districts and 1 educational service centers. The joint venture was formed for the purpose of applying modern technology (with the aid of computers and other electronic technology) to the administrative and instructional functions of member districts. Each member district supports Heartland based upon a per pupil charge, depending upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last 12 months' financial contribution. Heartland is governed by a Board of Directors, which consists of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in Heartland, because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. The District serves as fiscal agent for Heartland. Financial activity for fiscal 2001 is reported in the financial statements as an Agency fund.

The District also participates in a public entity risk sharing pool, discussed in Note 12.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

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

**B. Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in Proprietary Funds and Trust Funds) are accounted for through Governmental Funds. The following are the District's Governmental Fund Types:

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

*Special Revenue Funds* - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than Expendable Trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

*Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

*Capital Projects Fund* - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds or Trust Funds).

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**B. Fund Accounting - (Continued)**

*PROPRIETARY FUNDS*

Proprietary Funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's Proprietary Fund Types:

*Enterprise Funds* - The Enterprise Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Internal Service Fund* - The Internal Service Fund accounts for the financing of services provided by one department or agency to another department or agency of the District on a cost-reimbursement basis.

*FIDUCIARY FUNDS*

*Trust and Agency Funds* - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Nonexpendable Trust Funds are accounted for in essentially the same manner as Proprietary Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have a measurement focus. Agency Funds are reported on a cash basis, with note disclosure regarding items which, in other fund types, would be subject to accrual.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**B. Fund Accounting - (Continued)**

*ACCOUNT GROUPS*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

*General Fixed Assets Account Group* - This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary and Nonexpendable Trust Funds.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary or Nonexpendable Trust Funds.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Several funds are reclassified for GAAP presentation. The Regional Infrastructure Development/Pell Grant Fund (022) is classified as an Agency Fund for cash basis financial statements. However, it is classified as a Special Revenue Fund for GAAP because it is educational and receives federal funds. Many of the educational programs operated by the District provide some services to the general public. These services are not provided to generate profit for the District, but to teach students to deal with the public while they learn. These funds (011 and 014) are classified within the General Fund for GAAP, but as another fund type for cash basis. All Governmental Fund Types and the Expendable Trust Fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

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

**C. Measurement Focus and Basis of Accounting - (Continued)**

All Proprietary Funds and the Nonexpendable Trust Fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary and Nonexpendable Trust Fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2001, but which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

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

**C. Measurement Focus and Basis of Accounting - (Continued)**

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental Funds.

The Proprietary Funds and Nonexpendable Trust Funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The Proprietary Funds receive no revenue from property taxes.

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable is as follows:

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**D. Budgets - (Continued)**

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.
4. By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds except the General Fund, which is enacted at the fund and function level of expenditures. Thus, the District maintains two different legal levels of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures for all funds but the General Fund, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**D. Budgets - (Continued)**

5. All funds, other than Agency Funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation (all funds other than the General Fund) or alter fund appropriations or total function appropriations within the General Fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts.

All supplemental appropriations were legally enacted by the Board during fiscal 2001 in the following amounts:

	<u>Increase/(Decrease)</u>
Special Revenue Funds	\$467,917
Debt Service Fund	18,630
Enterprise Funds	80,000
Expendable Trust Fund	400
Endowment Fund	<u>500</u>
 Total Net Increase	 <u>\$567,447</u>

9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level for all funds except the General Fund, which may not exceed budgeted appropriations at the fund and function level.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**D. Budgets - (Continued)**

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary basis and GAAP basis of accounting. Encumbrances for Enterprise Funds are disclosed in Note 13 to the financial statements.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary Funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal 2001, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), Federal Agency securities, and certificates of deposit. All investments of the District had a maturity date of three years or less from the date of purchase.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit 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, 2001.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

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

**E. Cash and Investments - (Continued)**

The following is the calculation of the Net Increase in the Fair Value of Investments - Aggregate Method

	General Fund
Fair value at June 30, 2001	\$ 0
Add: Proceeds of investments sold and matured fiscal 2001	1,700,000
Less: Purchase of investments in fiscal 2001	0
Less: Fair value at June 30, 2000	<u>(1,687,380)</u>
Increase in fair value of investments	<u>\$ 12,620</u>

By policy of the Board of Education, investment earnings are assigned to the General Fund, the Permanent Improvement Fund, the Building Fund, the Food Service Fund, the Nonexpendable Trust Fund, and the Expendable Trust Fund. The following funds were credited with more interest than would have been received based upon their share of the District's investments during fiscal 2001:

	Interest Actually Received	Interest Based upon Share of Investments	Interest Assigned from Other Funds
General Fund	\$316,405	\$236,821	\$79,584
<u>Enterprise Fund Type</u>			
Food Service Fund	9,510	8,772	738
Debt Service Fund	931	0	931
<u>Fiduciary Fund Types</u>			
Nonexpendable Trust Fund	1,313	1,139	174
Expendable Trust Fund	2,986	0	2,986
Internal Service Fund	12,974	0	12,974

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**F. Inventory**

Inventories for all Governmental Funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary Funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**G. Prepaids**

Prepayments for Governmental Funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period-end, because prepayment and deferrals are not available to finance future Governmental Fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**H. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$50 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group. Books, records, movies and other learning aids kept at the District library are also included for reporting purposes.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Furniture and Equipment	5-10

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**I. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment 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.

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick pay is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick pay on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 5 years of service; or 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the eligibility requirements have been recorded in the appropriate Governmental Fund as a current liability to the extent that the amounts are expected to be payable within the current period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees paid from the Proprietary Funds is recorded as an expense and fund liability when earned.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**J. Intergovernmental Revenues**

In Governmental Funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations (excluding commodities) are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Education Management  
Information Systems  
Teacher Development  
Adult Education  
Drug-Free Schools  
Career Development  
Public Preschool  
Goals 2000  
Regional Infrastructure Development  
Network Connectivity  
SchoolNet Professional Development  
Success Unlimited  
Eisenhower Grant  
Title VI  
Consumer Education Projects

Proprietary Fund

Adult Education

Reimbursable Grants

General Fund

Vocational Education Travel/Subsistence

Special Revenue Funds

Vocational Education - Matching Funds  
Vocational Education - Carl D. Perkins

Proprietary Funds

National School Lunch Program  
Donated Federal Commodities

Grant and entitlements amounted to over 44% of the District's operating revenue during the 2001 fiscal year.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**(Continued)**

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

**K. Long-Term Obligations**

In general, Governmental Fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences that will be paid from Governmental Funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities in the appropriate Proprietary Funds.

**L. Fund Equity**

Contributed capital is recorded in Proprietary Funds which received capital grants or contributions from other funds. Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, BWC refund, materials and supplies inventory, prepaid assets, and tax revenue unavailable for appropriation. In addition, although the Nonexpendable Trust Fund uses the total economic resources measurement focus, fund equity is reserved for the amount of the principal endowment. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

**M. Contributed Capital**

Contributed capital reported in the Enterprise Funds represents resources provided from other funds, other governments, or private sources that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. Contributed capital did not change during fiscal 2001.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)

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

**N. Statutory Reserves**

The District is required by State law to set-aside certain (cash-basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of July 1, 2000	\$ (91,230)	\$ 0	\$ 239,637
Current year set-aside requirement	255,356	255,356	
Current year offsets		(347,500)	
Qualifying disbursements	(711,433)	(429,506)	
Elimination of non-BWC portion of the budget stabilization reserve	_____	_____	(174,374)
Total, June 30, 2001	<u>(547,307)</u>	<u>(521,650)</u>	<u>65,263</u>
Cash balance carried forward to FY 2002	<u>\$(547,307)</u>	<u>\$ 0</u>	<u>\$ 65,263</u>
Total restricted assets			<u>\$ 65,263</u>

The District had offsets and qualifying disbursements during the year that reduced the textbooks set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years.

Although the District had offsets and qualifying disbursements during the year that reduced the capital acquisition set-aside amounts below zero, the extra amount expended for capital acquisition may not be used to reduce the set-aside requirements of future years.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**(Continued)**

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

**N. Statutory Reserves - (Continued)**

Effective April 10, 2001, the Ohio legislature passed Am. Sub. Senate Bill 345, that addressed H.B. 412 set-aside requirements. The requirement for establishment of a budget reserve set-aside has been deleted from the law. A district may still establish a reserve, if it so chooses; however, the requirement is no longer mandatory. Monies in the budget reserve set-aside as of April 10, 2001, are classified in two categories: (1) Bureau of Worker's Compensation (BWC) refunds and (2) the balance of the reserve which does not represent BWC refunds. The statute includes specific purposes for which the monies representing BWC refunds can be used. The monies which do not represent BWC refunds may be left in the budget reserve set-aside, transferred to the Classroom Facilities Fund, or returned to the General Fund and used at the discretion of the district's Board of Education.

**O. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency Funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**O. Interfund Transactions - (Continued)**

6. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District’s interfund transactions for fiscal year 2001 is presented in Note 5.

**P. Estimates**

The preparation of financial statements in conformity with GAAP 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.

**Q. Statement of Cash Flows**

The District’s financial statements have been prepared in accordance with GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Proprietary Funds and Nonexpendable Trust Fund. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

**R. Financial Reporting for Proprietary and Similar Fund Types**

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The District accounts for its Proprietary activities and Nonexpendable Trust Fund in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**PIONEER CAREER & TECHNOLOGY CENTER  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

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

**S. Memorandum Only - Total Columns**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**B. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2001, included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Other Grant	\$ (7,634)
Regional Infrastructure Development	(3,814)
Career Development	(17,753)
Success Unlimited	(3,668)
Public School Preschool	(2,338)
 <u>Enterprise Funds</u>	
Adult Education	(198,182)

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances/Retained Earnings - (Continued)**

These deficits, caused by the application of generally accepted accounting principles, will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General Fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

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

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**(Continued)**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that Investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**(Continued)**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash on Hand:* At year-end, the District had \$425 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not included in the total amount of deposits reported below.

*Cash with Fiscal Agent:* At year-end, \$427,414 was on deposit with the District's fiscal agent for insurance claims and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

*Deposits:* At year-end the carrying amount of the Districts deposits was \$4,418,926 and the bank balance was \$4,627,888 (both amounts include \$3,865,000 in non-negotiable certificates of deposit, but are exclusive of payroll clearance accounts). Of the bank balance:

1. \$1,566,503 was covered by federal deposit insurance.
2. \$3,061,385 was covered by collateral held in the pledging bank's trust department in the District's name.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Investments:* The District's investments are required to be categorized to give an indication of the level of custodial credit risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Fair Value
Not Subject to Categorization:	
Investment in State	
Treasurer's Investment Pool	\$2,553,680

The classification of cash, cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of cash, cash equivalents, and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Equity in Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 6,545,617	
Investments of the Cash		
Management Pool:		
Star Ohio	(2,553,680)	\$2,553,680
Cash on Hand	(425)	
Cash with Fiscal Agent	427,414	
GASB Statement No. 3	\$ 4,418,926	\$2,553,680

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans (Payable)</u>
General Fund	\$285,000	
<u>Special Revenue Funds</u>		
Other Grant		\$ (10,000)
Regional Infrastructure Development		(10,000)
Consumer Education Projects		(5,000)
Career Development		(4,000)
Public School Preschool		(5,000)
Tech Prep Expansion		(100)
Success Unlimited		(11,000)
Vocational Education		<u>(40,000)</u>
Total Special Revenue Funds		<u>(85,100)</u>
<u>Enterprise Funds</u>		
Adult Education	<u>                    </u>	<u>(199,900)</u>
Total Interfund Loans	<u>\$285,000</u>	<u>\$(285,000)</u>

B. The following is a reconciliation of the District's long-term advances to and from other funds at June 30, 2001:

	<u>Advances to Other Funds</u>	<u>Advances (from) Other Funds</u>
General Fund		\$(85,901)
<u>Enterprise Funds</u>		
Food Service	\$ 4,616	
Internal Service Fund	<u>81,285</u>	<u>                    </u>
Total	<u>\$85,901</u>	<u>\$(85,901)</u>

**PIONEER CAREER & TECHNOLOGY CENTER  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

C. The following is a reconciliation of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(705,696)
<u>Special Revenue Funds</u>		
Goals 2000	\$ 61	
Vocational Education	7,076	
<u>Capital Projects Fund</u>		
Permanent Improvement	650,000	
<u>Enterprise Funds</u>		
Adult Education	<u>48,559</u>	<u>          </u>
Total	<u>\$705,696</u>	<u>\$(705,696)</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies (50% of market value), and railroads, which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2001 taxes were collected are as follows:

	<u>First Half Collections</u>		<u>Second Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$1,431,599,690	76.75	\$1,553,216,260	78.37
Public Utility Personal	131,635,340	7.06	121,188,640	6.11
Tangible Personal Property	<u>301,924,248</u>	<u>16.19</u>	<u>307,609,927</u>	<u>15.52</u>
	<u>\$1,865,159,278</u>	<u>100.00</u>	<u>\$1,982,014,827</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Operations		\$4.70		\$4.70

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Richland, Ashland, Crawford, Huron, Morrow, Marion, Wyandot and Seneca Counties. The Richland County Auditor periodically advances to the District its portion of the taxes collected. These tax “advances” are based on statutory cash flow collection rates. Final “settlements” are made each February and August.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current fiscal year operations. The net receivable (total receivable less available advance intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**(Continued)**

**NOTE 6 - PROPERTY TAXES - (Continued)**

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2001, totaled \$742,205 in the General fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2001, consisted of taxes, accounts (tuition and student fees), accrued interest, interfund loans and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables is as follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current and Delinquent	\$5,852,116
Accrued Interest	173,761
Accounts	24,669
Interfund Loan	285,000
<u>Special Revenue Funds</u>	
Due From Other Governments	190,515
<u>Enterprise Funds</u>	
Accounts	42,028
Advanced to Other Funds	4,616
<u>Internal Service Fund</u>	
Advanced to Other Funds	81,285

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 8 - FIXED ASSETS**

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/Improvement	\$ 25,000			\$ 25,000
Buildings	4,046,511			4,046,511
Furniture/Equipment	5,283,732	\$875,082	\$(270,916)	5,887,898
Vehicles	160,422	31,017	(17,497)	173,942
Textbooks and Library Books	<u>246,455</u>	<u>21,303</u>	<u>(293)</u>	<u>267,465</u>
Total	<u>\$9,762,120</u>	<u>\$927,402</u>	<u>\$(288,706)</u>	<u>\$10,400,816</u>

A summary of the Proprietary Fund Type fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$ 377,717
Less: Accumulated Depreciation	<u>(306,448)</u>
Net Fixed Assets	<u>\$ 71,269</u>

**NOTE 9 - CONTRIBUTED CAPITAL**

Total contributed capital in the Enterprise funds for the year ended June 30, 2001, was \$177,861, in the Food Service fund.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years and in the current year, the District has entered into capitalized leases for the acquisition of copiers and a mail machine. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. New leases are accounted for as a capital outlay expenditure and an other financing source.

Capital lease payments are reflected as General Fund debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types and Expendable Trust Fund. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$113,447, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2001 fiscal year totaled \$31,133.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2001.

General Long-Term Obligations

<u>Year Ending June 30</u>	<u>Mail Machine And Copiers</u>
2002	\$ 27,942
2003	23,108
2004	20,636
2005	20,283
2006	<u>8,297</u>
Total future minimum lease payments	100,266
Less: Amount Representing Interest	<u>(15,983)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 84,283</u>

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. In the current year, the District issued energy conservation notes to provide for energy improvements to various District buildings. The primary source of repayment of these notes is through energy savings as a result of the improvements.

The unmatured obligations at year end are accounted for in the General Long-Term Obligations Account Group.

The following is a description of the District's energy conservation notes outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 07/01/00</u>	<u>Issued in 2001</u>	<u>Balance 06/30/01</u>
Energy conservation notes	5.51%	08/01/00	12/01/15	<u>\$ 0</u>	<u>\$695,000</u>	<u>\$695,000</u>

- B. In prior years, the District issued general obligation bonds which, were issued to provide funds for the acquisition and construction and/or renovation of equipment and facilities, are general obligations of the District, for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these bonds are recorded as expenditures in the Debt Service fund. The source of payment is current operating revenues.

The following is a description of the District's bonds outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 07/01/00</u>	<u>Retired in Fiscal 2001</u>	<u>Balance 06/30/01</u>
Building Renovations	5.24%	06/01/95	12/01/04	<u>\$365,000</u>	<u>\$(65,000)</u>	<u>\$300,000</u>

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

C. Principal and interest requirements to retire general obligation bonds and energy conservation notes at June 30, 2001, are as follows:

<u>Year Ending June 30,</u>	<u>Principal on bonds and notes</u>	<u>Interest on bonds and notes</u>	<u>Total</u>
2002	\$100,000	\$ 50,789	\$ 150,789
2003	110,000	45,436	155,436
2004	110,000	39,726	149,726
2005	115,000	33,769	148,769
2006	40,000	29,684	69,684
2007 - 2011	225,000	115,131	340,131
2012 - 2016	<u>295,000</u>	<u>44,047</u>	<u>339,047</u>
Total	<u>\$995,000</u>	<u>\$358,582</u>	<u>\$1,353,582</u>

D. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	<u>Balance 07/01/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/01</u>
General Obligation Bonds	\$ 365,000	0	\$ (65,000)	\$ 300,000
Energy Conservation Notes	0	\$695,000	0	695,000
Capital Lease Obligation	44,871	70,545	(31,133)	84,283
Compensated Absences	<u>1,451,821</u>	<u>232,147</u>	<u>(341,069)</u>	<u>1,342,899</u>
Total	<u>\$1,861,692</u>	<u>\$997,692</u>	<u>\$(437,202)</u>	<u>\$2,422,182</u>

E. Legal Debt Margin

The Ohio Revised Code provides that the total net indebtedness of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district.

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The effects of these debt limitations for the District at June 30, 2001, are a voted debt margin of \$178,381,334 and an unvoted debt margin of \$1,682,015.

**NOTE 12 - RISK MANAGEMENT**

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 Republican Franklin Insurance Company through Utica National Insurance Group for building and personal property insurance.

Boiler and machinery coverage is included in the blanket building and personal property. Professional liability is provided by Nationwide Insurance Company with a \$2,000,000 per occurrence, \$5,000,000 aggregate limit and umbrella coverage of \$2,000,000 per occurrence, \$5,000,000 aggregate limit.

Vehicles are covered by Republican Franklin Group and carry a \$100 deductible for comprehensive and \$250 collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Public officials bond insurance is provided by Nationwide Mutual Insurance Company for a total of \$260,000. The Treasurer's bond is provided by The Ohio Casualty Insurance Company. Honesty Blanket Position Coverage of \$100,000 is included in the Utica National Insurance.

The District provides \$40,000 in life insurance and accidental death and dismemberment insurance to its employees through Madison National Life Insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years. The District uses a Small Claims Adjustment Board, which analyzes all claims under \$1,500. There has been no significant reduction in amounts of insurance coverage from fiscal 2000.

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The District has elected to provide employee medical/surgical benefits through a self-insured program. 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. A third-party administrator, Gallagher Benefits Administrators, Inc., located in Lisle, Illinois, reviews and pays all claims. The administrator purchases stop-loss coverage of \$35,000 per employee. The District pays into the self-insurance Internal Service Fund \$657.36 for family coverage and \$342.42 for individual coverage per employee per month, which represents the entire premium required. This premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$301,136 reported in the fund at June 30, 2001, is based on the requirements of GASB Statement No. 10 which requires that a liability for unpaid claims cost, including estimated of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability for fiscal 2001 and the two prior fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$ 61,761	\$1,195,883	\$ 956,508	\$301,136
2000	187,658	817,178	943,075	61,761
1999	246,642	949,640	1,008,624	187,658

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

*OSBA WORKER'S COMPENSATION GROUP RATING*

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains three Enterprise funds to account for the operations of Food Service, Uniform School Supplies, and Adult Education. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Operating Revenue	\$214,953	\$109,681	\$ 351,158	\$ 675,792
Depreciation Expense	4,484		26,684	31,168
Operating Income (Loss)	(32,218)	19,947	(394,461)	(406,732)
Non-operating Revenue				
Operating Grants	39,038		248,788	287,826
Donated Commodities	11,114			11,114
Operating Transfers In			48,559	48,559
Net Income (Loss)	27,428	19,947	(126,071)	(78,696)
Net Working Capital	158,393	59,077	(180,049)	37,421
Fixed Assets:				
Additions	17,481		43,329	60,810
Total Assets	208,006	59,083	112,788	379,877
Long-Term Liabilities				
Payable From Fund Revenues			67,807	67,807
Total Fund Equity	179,988	59,077	(198,182)	40,883
Encumbrances Outstanding as of 6/30/01	20,052	392	22,558	43,002

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614)-222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the SERS Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$262,305, \$256,204, and \$222,343, respectively; 93% has been contributed for fiscal year 2001, and 100% for the fiscal years 2000 and 1999. \$17,519, which represents the unpaid contribution for fiscal year 2001, is recorded as a fund liability within the respective funds.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System (STRS), a cost-sharing multiple employer public employee retirement system administered by the STRS Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614)-227-4090.

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**B. State Teachers Retirement System - (Continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$924,025, \$909,500, and \$806,166, respectively; 100% has been contributed for each year.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, six members of the Board of Education have elected social security, and five have chosen the SERS/STRS system. The District's liability is 6.2% of wages paid.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 2001, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$297,008 during the 2001 fiscal year.

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and there were 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and there were approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$175,846 during the 2001 fiscal year.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental Funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental Funds are as follows:

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Capital Projects Fund
Budget Basis	\$ 996,145	\$ (91,094)	\$(199,245)
Net Adjustment for Revenue Accruals	24,506	48,087	0
Net Adjustment for Expenditure Accruals	(50,379)	(96,187)	90,687
Net Adjustment for Other Financing Sources/(Uses)	76,726	(34,375)	0
Net Adjustment for Fund Reclassification	(30,166)	(19,713)	0
Adjustment for Encumbrances	<u>263,329</u>	<u>105,184</u>	<u>254,193</u>
GAAP Basis	<u>\$1,280,161</u>	<u>\$ (88,098)</u>	<u>\$ 145,635</u>

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. State School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**PIONEER CAREER & TECHNOLOGY CENTER  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001  
**(Continued)**

**NOTE 17 - CONTINGENCIES - (Continued)**

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 31, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**PIONEER CAREER AND TECHNOLOGY CENTER:  
A VOCATIONAL SCHOOL DISTRICT  
RICHLAND COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	Not Available	10.550	\$0	\$12,499	\$0	\$11,114
School Breakfast Program	051417 05-PU 00	10.553	7,463		7,463	
National School Lunch Program	051417 04-PU 00	10.555	<u>29,344</u>		<u>29,344</u>	
Total U.S. Department of Agriculture - Child Nutrition Cluster			36,807	12,499	36,807	11,114
<u>U.S. DEPARTMENT OF LABOR</u>						
<i>Passed through the Ohio Department of Education:</i>						
Employment Services and Job Training Pilot and Demonstration Programs	051417 WK-BE 00 99 051417 WK-BE 00 00	17.261	0 <u>0</u>		48,780 <u>36,759</u>	
Total U.S. Department of Labor - Employment and Job Training			0		85,539	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Program:</i>						
Federal Pell Grant Program	N/A	84.063	42,513		42,513	
<i>Passed through the Ohio Department of Education:</i>						
Adult Education - State Grant Programs	051417 AB-S1 99 C 051417 AB-S1 00 051417 AB-S1 00 C 051417 AB-S1 01	84.002	23,498 40,391 8,071 <u>63,185</u>		0 0 0 <u>50,769</u>	
Total Adult Education - State Grant Programs			135,145		50,769	
Vocational Education - Basic Grants to State	051417 20-A5 00 051417 20-A5 01 051417 20-C1 00 051417 20-C1 01 051417 20-C2 00 051417 20-C2 01	84.048	6,000 21,250 134,429 145,283 7,113 <u>127,453</u>		6,000 18,651 41,207 260,934 0 <u>130,541</u>	
Total Vocational Education - Basic Grants to State			441,528		457,333	
Goals 2000 - State and Local Education System	051417 G2-S6 00 P	84.276	12,000		6,477	
Eisenhower Prof Dev. State Grant	051417 MS-S1 01	84.281	2,074		2,297	
Innovative Educaton Program Strategies	051417 C2 S1 00 051417 C2 S1 01	84.298	0 <u>865</u>		880 <u>441</u>	
Total Innovative Education Program Strategies			865		1,321	
<i>Passed through the District's Member Schools:</i>						
Safe and Drug Free Schools and Communities	Not Available	84.186	<u>3,491</u>		<u>2,500</u>	
Total U.S. Department of Education			<u>637,616</u>		<u>563,210</u>	
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Passed through the Ohio Department of Education:</i>						
Learn and Serve America, School and Community Based Programs	051417 SV-S1 01	94.004	<u>14,950</u>		<u>13,538</u>	
Total			<u>\$689,373</u>	<u>\$12,499</u>	<u>\$699,094</u>	<u>\$11,114</u>

See Accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards

**PIONEER CAREER AND TECHNOLOGY CENTER:  
A VOCATIONAL SCHOOL DISTRICT  
RICHLAND COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) is a summary of the activity of the District's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Pioneer Career and Technology Center:  
A Vocational School District  
Richland County  
27 Ryan Road  
Shelby, Ohio 44875

To the Board of Education:

We have audited the general purpose financial statements of the Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 31, 2001. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 31, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Pioneer Career and Technology Center:  
A Vocational School District  
Richland County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 31, 2001.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 31, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Pioneer Career and Technology Center:  
A Vocational School District  
Richland County  
27 Ryan Road  
Shelby, Ohio 44875

To the Board of Education:

**Compliance**

We have audited the compliance of the Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Pioneer Career and Technology Center:  
A Vocational School District  
Richland County  
Report of Independent Accountants on Compliance With Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance In Accordance With OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 31, 2001

**PIONEER CAREER AND TECHNOLOGY CENTER:  
A VOCATIONAL SCHOOL DISTRICT  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any material reported non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Vocational Education CFDA #84.048
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**PIONEER CAREER AND TECHNOLOGY CENTER:  
A VOCATIONAL SCHOOL DISTRICT  
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
GAGAS  
JUNE 30, 2001**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected ?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2000-10570-001	The District did not receive cancelled checks from its bank. The bank sent the District an electronic image of the front of the cancelled checks. This did not allow the District to determine whether checks were properly endorsed by the appropriate party.	Yes	Finding No Longer Valid. The District corrected this matter in January 2001.
2000-10570-002	Part B of the Student Activity Sales Potential Forms, which reconciles items purchased, sold, amounts deposited, and any items unaccounted for, was not properly completed by the activity directors of the Colonel Crawford's Future Farmers of America Club and Pioneer's ECE H.E.R.O. Club. No reconciliation of items purchased and sold was prepared showing the revenue received or profit.	No	Partially Corrected. We noted no significant discrepancies on the Student Activity Sales Potential Forms for the student activities tested during the audit period. A management letter comment was issued regarding this matter.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
JANUARY 24, 2002**