

Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is 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 basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 23, 2009

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The management's discussion and analysis of the Pioneer Career and Technology Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets of governmental activities increased \$19,804,294 which represents a 103.53% increase from 2008.
- General revenues accounted for \$34,752,164 in revenue or 90.98% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,445,499 or 9.02% of total revenues of \$38,197,663.
- The District had \$18,393,369 in expenses related to governmental activities; only \$3,445,499 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$34,752,164 were adequate to provide for these programs.
- The District's major governmental funds consist of the general fund and the classroom facilities fund. The general fund had \$16,449,300 in revenues and other financing sources and \$16,270,865 in expenditures and other financing uses. During fiscal year 2009, the general fund's fund balance increased \$183,529 from \$10,476,196 to \$10,659,725.
- The classroom facilities fund had \$11,708,180 in revenues and other financing sources and \$1,145,002 in expenditures and other financing uses. The classroom facilities fund increased to a balance of \$10,563,178.

Using the Basic Financial Statements

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The statement of net assets and the Statement of Activities answer this question. These statements include *all (non-fiduciary) assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, and food service operations.

The District's Statement of Net Assets and Statement of Activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and classroom facilities fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Fund

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits health self-insurance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 23 and 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-54 of this report.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2009 and June 30, 2008.

	Net Assets	
	Governmental Activities <u>June 30, 2009</u>	Governmental Activities <u>June 30, 2008</u>
<u>Assets</u>		
Current and other assets	\$ 54,945,890	\$ 24,339,069
Capital assets, net	<u>3,488,340</u>	<u>2,657,169</u>
Total assets	<u>58,434,230</u>	<u>26,996,238</u>
<u>Liabilities</u>		
Current liabilities	5,471,155	5,797,412
Long-term liabilities	<u>14,030,103</u>	<u>2,070,148</u>
Total liabilities	<u>19,501,258</u>	<u>7,867,560</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,247,674	2,093,658
Restricted	25,402,015	5,680,420
Unrestricted	<u>11,283,283</u>	<u>11,354,600</u>
Total net assets	<u>\$ 38,932,972</u>	<u>\$ 19,128,678</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$38,932,972. At year-end, unrestricted net assets were \$11,283,283.

Net assets increased \$19,804,294 or 103.53%. This increase is primarily due the District being approved for an Ohio School Facilities Commission (OSFC) Project. The State approved the District for \$19,240,852 in funding to improve and renovate buildings in the District.

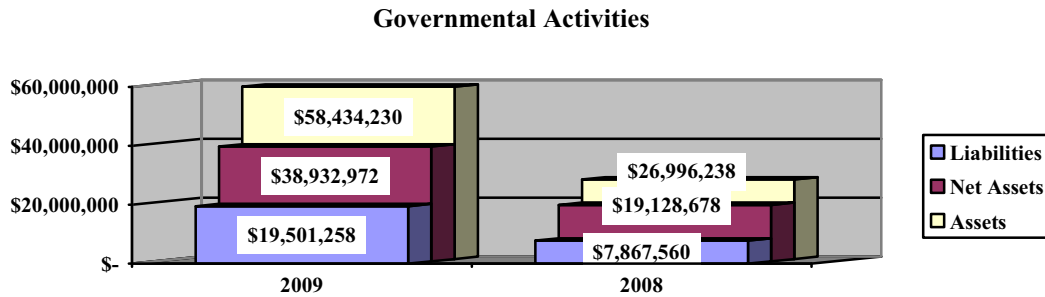
**PIONEER CAREER AND TECHNOLOGY CENTER
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

At year-end, capital assets represented 5.97% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$2,247,674. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$25,402,015, represents resources that are subject to external restriction on how they may be used. Of this amount, \$24,451,882 is restricted for capital projects and \$784,725 is restricted for debt service. Net assets restricted for capital projects have increased \$18,921,787 due to the OSFC project. The remaining balance of unrestricted net assets of \$11,283,283 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below presents the District's governmental assets at June 30, 2009 and June 30, 2008.



The table below shows the change in net assets for fiscal years 2009 and 2008.

Change in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Revenues		
Program revenues:		
Charges for services and sales	\$ 980,207	\$ 1,000,297
Operating grants and contributions	2,465,292	2,095,510
General revenues:		
Property taxes	4,572,231	5,608,605
Grants and entitlements not restricted	10,044,016	9,381,754
Grants and entitlements restricted	19,240,852	-
Investment earnings	823,718	776,573
Miscellaneous	71,347	93,195
Total revenues	38,197,663	18,955,934

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 746,361	\$ 683,648
Special	433,739	389,558
Vocational	9,708,058	8,924,756
Adult	384,216	423,575
Other	41,146	38,266
Support services:		
Pupil	1,211,245	1,129,783
Instructional staff	1,587,544	1,389,036
Board of education	81,772	87,907
Administration	1,286,180	1,172,339
Fiscal	503,072	454,804
Business	164,142	150,925
Operations and maintenance	1,104,894	1,153,046
Pupil transportation	12,297	12,000
Central	136,630	98,319
Operation of non-instructional services:		
Other non-instructional services	-	285
Food service operations	374,546	377,380
Extracurricular activities	87,635	75,265
Interest and fiscal charges	<u>529,892</u>	<u>32,046</u>
Total expenses	<u>18,393,369</u>	<u>16,592,938</u>
Change in net assets	19,804,294	2,362,996
Net assets at beginning of year	<u>19,128,678</u>	<u>16,765,682</u>
Net assets at end of year	<u>\$ 38,932,972</u>	<u>\$ 19,128,678</u>

Governmental Activities

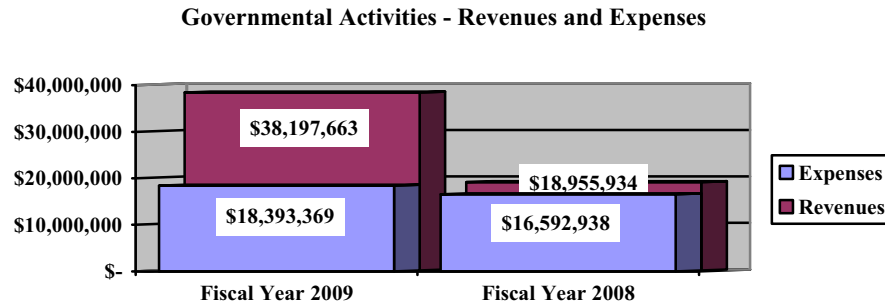
Net assets of the District's governmental activities increased \$19,804,294. Total governmental expenses of \$18,393,369 were offset by program revenues of \$3,445,499 and general revenues of \$34,752,164. Program revenues supported 18.73% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, unrestricted grants and entitlements and grants and entitlements restricted for Ohio School Facilities Commission. These revenue sources represent 88.64% of total governmental revenue. Real estate property is reappraised every six years.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 and 2008.



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2009 and 2008. That is, it identifies the cost of these services supported by tax revenue and State grants and entitlements.

	Governmental Activities			
	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Program expenses				
Instruction:				
Regular	\$ 746,361	\$ 745,251	\$ 683,648	\$ 678,014
Special	433,739	433,739	389,558	389,558
Vocational	9,708,058	8,226,654	8,924,756	7,705,707
Adult	384,216	(61,936)	423,575	(59,876)
Other	41,146	41,146	38,266	38,266
Support services:				
Pupil	1,211,245	883,606	1,129,783	816,928
Instructional staff	1,587,544	858,158	1,389,036	763,335
Board of education	81,772	81,772	87,907	87,907
Administration	1,286,180	1,229,867	1,172,339	1,123,622
Fiscal	503,072	492,368	454,804	441,106
Business	164,142	160,153	150,925	147,502
Operations and maintenance	1,104,894	1,104,395	1,153,046	1,152,190
Pupil transportation	12,297	12,103	12,000	11,989
Central	136,630	122,177	98,319	80,025
Operation of non-instructional services:				
Other non-instructional services	-	-	285	285
Food service operations	374,546	890	377,380	13,262
Extracurricular activities	87,635	87,635	75,265	75,265
Interest and fiscal charges	<u>529,892</u>	<u>529,892</u>	<u>32,046</u>	<u>32,046</u>
Total expenses	<u>\$ 18,393,369</u>	<u>\$ 14,947,870</u>	<u>\$ 16,592,938</u>	<u>\$ 13,497,131</u>

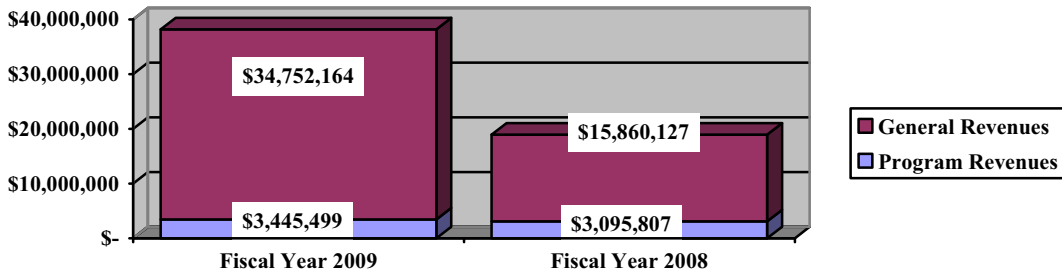
The dependence upon tax and other general revenues for governmental activities is apparent, as 82.95% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.27% of all expenses. The District's taxpayers and grants and entitlements are by far the primary support for the District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$33,078,197, which is higher than last year's total of \$16,720,385. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and June 30, 2008.

	Fund Balance <u>June 30, 2009</u>	Fund Balance <u>June 30, 2008</u>	<u>Increase</u>
General	\$ 10,659,725	\$ 10,476,196	\$ 183,529
Classroom facilities	10,563,178	-	10,563,178
Other Governmental	<u>11,855,294</u>	<u>6,244,189</u>	<u>5,611,105</u>
Total	<u>\$ 33,078,197</u>	<u>\$ 16,720,385</u>	<u>\$ 16,357,812</u>

General Fund

The District's general fund balance increased \$183,529.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Revenues				
Taxes	\$ 4,746,216	\$ 5,453,644	\$ (707,428)	(12.97) %
Earnings on investments	540,888	738,895	(198,007)	(26.80) %
Intergovernmental	10,863,612	9,942,232	921,380	9.27 %
Other revenues	<u>239,530</u>	<u>260,991</u>	<u>(21,461)</u>	(8.22) %
Total	<u>\$ 16,390,246</u>	<u>\$ 16,395,762</u>	<u>\$ (5,516)</u>	(0.03) %

Overall revenues of the general fund decreased \$5,516 or 0.03%. Tax revenue decreased \$707,428 or 12.97% mainly due to the phase out of tangible personal property taxes during fiscal year 2009. Earnings on investments decreased \$198,007 or 26.80% mainly due to declining interest rates during fiscal year 2009.

Intergovernmental revenue increased \$921,380 or 9.27%. This increase is attributed to an increase in tangible personal property tax loss reimbursements from the State pursuant to Am. Sub. House Bill 66.

**PIONEER CAREER AND TECHNOLOGY CENTER
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 9,501,345	\$ 9,092,017	\$ 409,328	4.50 %
Support services	4,773,124	4,648,523	124,601	2.68 %
Operation of non-instructional services	-	285	(285)	(100.00) %
Extracurricular activities	82,528	70,158	12,370	17.63 %
Capital outlay	49,321	88,168	(38,847)	(44.06) %
Debt service	<u>551,641</u>	<u>104,070</u>	<u>447,571</u>	430.07 %
Total	<u>\$ 14,957,959</u>	<u>\$ 14,003,221</u>	<u>\$ 954,738</u>	6.82 %

Overall expenditures of the general fund increased \$954,738 or 6.82%. The most significant areas of increase include instruction and debt service expenditures. Instruction expenditures increased \$409,328 or 4.50% mainly due to scheduled wage increases for District employees. Debt service expenditures increased \$447,571 or 430.07%. This increase can be attributed to the payments of interest on the District's certificates of participation, which were issued during fiscal year 2009.

Classroom Facilities Fund

The classroom facilities fund had \$11,708,180 in revenues and other financing sources and \$1,145,002 in expenditures and other financing uses. The District was approved for an Ohio School Facilities Commission (OSFC) project during fiscal year 2009. The District recorded \$6,865,235 in proceeds from the sale of certificates of participation (COPs) in the classroom facilities fund and received \$4,604,387 in intergovernmental revenues from the State during fiscal year 2009.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the District did not amend its general fund revenue budget. For the general fund, final budgeted revenues and other financing sources was \$15,648,007, which is the same as the original budgeted revenues and other financing sources estimate. Actual revenues and other financing sources for fiscal year 2009 were \$16,600,738. This represents a \$92,731 increase over final budgeted revenues.

General fund original appropriations and other financing uses of \$16,349,098 were increased to \$16,730,433 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$16,495,163, which was \$235,270 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$3,488,340 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The following table shows June 30, 2009 balances compared to June 30, 2008.

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>
Land	\$ 25,000	\$ 25,000
Construction in progress	916,886	-
Building and improvements	753,326	835,215
Furniture and equipment	1,586,882	1,648,646
Vehicles	<u>206,246</u>	<u>148,308</u>
Total	<u>\$ 3,488,340</u>	<u>\$ 2,657,169</u>

The overall increase in capital assets of \$831,171 is primarily due to capital outlays of \$1,195,305 exceeding current year depreciation of \$349,751. Total disposals to capital assets were \$14,383 (net of accumulated depreciation).

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2009, the District had \$12,615,831 in energy conservation bonds, certificates of participation, pollution remediation and capital lease obligations outstanding. Of this total, \$433,601 is due within one year and \$12,182,230 is due within more than one year. The following table summarizes the bonds and leases outstanding at June 30, 2009 compared to June 30, 2008.

	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
Energy conservation bonds	\$ 390,000	\$ 435,000
Certificates of participation	11,970,000	-
Pollution remediation	131,222	-
Capital lease obligations	<u>124,609</u>	<u>128,511</u>
Total	<u>\$ 12,615,831</u>	<u>\$ 563,511</u>

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. As the preceding information shows, the general fund cash balance (including current year encumbrances) was \$10,727,283 at June 30, 2009. The general fund cash balance includes the cash balance of rotary funds. On a GAAP basis, these amounts are consolidated with the general fund. Fiscal year-end general fund cash balance was \$10,329,049 at June 30 in fiscal year 2008. This increase of \$398,808 indicates that the District is maintaining a healthy cash balance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance, replace the 1 mill five year operating levy in 1999, and renew it again in November 2003 and continue a quality, comprehensive educational program.

With Board guidance, the recent fiscal year budgets have been carefully managed in order to avoid additional tax millage above the current 4.7 voted mills that is being collected at 2.0 effective mills. In November 2003, the Board submitted, and the electors of the District approved (by a vote of 61.26% to 38.74%) a 1-mill renewal tax for the purpose of current expenses for a third five year period of time. That levy is expected to generate approximately \$1,750,000 annually. By monitoring its five-year forecast, the Board was able to request voter approval early in the forecast cycle to maintain the same millage and not face possible reductions in educational programming. This millage is currently rolled back and collected at .67 mills for Residential and Agricultural Real Estate property. Since the total effective millage is at the 2 mill floor, it would not be of any benefit to renew this levy in 2009. The Board is committed to utilizing the funds the District receives from the remaining levies to increase teacher salaries and purchase instructional materials, textbooks, and technology. Substantial funds have also been set aside for vocational equipment and building repair and maintenance.

Several significant legislative and judicial actions have occurred that will have a major impact on our District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." The State has not yet developed a school-funding plan that has been deemed acceptable by the Court, and ultimate resolution still seems to be some time in the future. There is concern that the State may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the State budget. Changes to the State's school foundation funding formula did not bode well for additional revenue. Increases in enrollment over the past five years are a trend that has generated some additional revenue for the general fund, but this trend is not expected to continue.

Another challenge facing the District is the need to renovate its facilities to meet current safety codes, correct building defects, streamline operations and to enhance learning space design for students. The Board has been approved for building assistance funding through the Ohio School Facilities Commission (OSFC). OSFC funding will comprise approximately 75% of the approved project costs; thus, it is important to capture this revenue source to relieve some of the financial burden from local taxpayers. As the facility is now forty years old, there are many updates, repairs and upgrades needed to continue quality vocational programming and protect the taxpayer's investment for future students. The total project is \$30.5 million and requires an annual maintenance fund of about \$425,000 for 23 years. To fund the local share and the annual maintenance requirement, a 1-mill continuing Permanent Improvement Levy was submitted to the voters in November 2007 and was defeated by a 52.3 % margin. This ballot issue was resubmitted to the voters in March 2008 and was defeated a second time. Using the current 5 year forecast, the District decided to issue Certificates of Participation in the amount of \$11.5 million in August of 2008 to secure the \$19 million OSFC State match. Projections indicate that the District will need additional funding by fiscal year 2012 to continue operations and service the debt. A financial task force will be formed to review the options concerning the expiring 1 mill operating levy that will expire in 2009.

The District has committed itself to educational and financial excellence for many years. Each challenge identified in this section is viewed simultaneously as an opportunity for the District to foray down paths not previously traveled and to continue its commitment to excellence. The District is committed to living within its financial means, and working with the community it serves in order to garner adequate resources to support the educational program.

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 32,624,859
Cash with fiscal agent	1,085,602
Cash with escrow agent	782,483
Receivables:	
Taxes.	5,072,954
Accounts.	77,262
Intergovernmental	14,756,461
Accrued interest	139,831
Prepayments	36,085
Materials and supplies inventory.	106,674
Unamortized certificate of participation issuance costs .	263,679
Capital assets:	
Land and construction in progress	941,886
Depreciable capital assets, net.	2,546,454
Capital assets, net	3,488,340
 Total assets.	 58,434,230
 Liabilities:	
Accounts payable.	88,909
Contracts payable	67,737
Accrued wages and benefits	1,152,289
Pension obligation payable.	196,266
Intergovernmental payable	103,918
Unearned revenue	3,629,232
Accrued interest payable	46,760
Claims payable	186,044
Long-term liabilities:	
Due within one year.	873,623
Due within more than one year	13,156,480
 Total liabilities	 19,501,258
 Net Assets:	
Invested in capital assets, net of related debt.	2,247,674
Restricted for:	
Capital projects	24,451,882
Debt service.	784,725
State funded programs	10,797
Federally funded programs	17,794
Public school support	10,574
Other purposes	126,243
Unrestricted	11,283,283
 Total net assets.	 \$ 38,932,972

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 746,361	\$ 1,110	\$ -	\$ (745,251)
Special	433,739	-	-	(433,739)
Vocational	9,708,058	364,473	1,116,931	(8,226,654)
Adult	384,216	146,913	299,239	61,936
Other	41,146	-	-	(41,146)
Support services:				
Pupil	1,211,245	36,201	291,438	(883,606)
Instructional staff	1,587,544	177,348	552,038	(858,158)
Board of education	81,772	-	-	(81,772)
Administration	1,286,180	14,834	41,479	(1,229,867)
Fiscal	503,072	-	10,704	(492,368)
Business	164,142	-	3,989	(160,153)
Operations and maintenance	1,104,894	-	499	(1,104,395)
Pupil transportation	12,297	-	194	(12,103)
Central	136,630	-	14,453	(122,177)
Operation of non-instructional services:				
Food service operations	374,546	239,328	134,328	(890)
Extracurricular activities	87,635	-	-	(87,635)
Interest and fiscal charges	529,892	-	-	(529,892)
Total governmental activities	\$ 18,393,369	\$ 980,207	\$ 2,465,292	(14,947,870)
General Revenues:				
Property taxes levied for:				
General purposes				4,572,231
Grants and entitlements not restricted to specific programs				10,044,016
Grants and entitlements restricted for Ohio School Facilities Commission				19,240,852
Investment earnings				823,718
Miscellaneous				71,347
Total general revenues				34,752,164
Change in net assets				19,804,294
Net assets at beginning of year				19,128,678
Net assets at end of year				\$ 38,932,972

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 10,775,283	\$ 10,736,578	\$ 11,112,998	\$ 32,624,859
Cash with escrow agent	-	-	782,483	782,483
Receivables:				
Taxes	5,072,954	-	-	5,072,954
Accounts	-	-	77,262	77,262
Intergovernmental	-	14,636,465	119,996	14,756,461
Accrued interest	115,992	23,839	-	139,831
Interfund loans	90,500	-	-	90,500
Prepayments	35,013	-	1,072	36,085
Materials and supplies inventory	70,747	-	35,927	106,674
Total assets	<u>\$ 16,160,489</u>	<u>\$ 25,396,882</u>	<u>\$ 12,129,738</u>	<u>\$ 53,687,109</u>
Liabilities:				
Accounts payable	\$ 53,595	\$ -	\$ 35,314	\$ 88,909
Contracts payable	-	66,017	1,720	67,737
Accrued wages and benefits	1,058,038	-	94,251	1,152,289
Compensated absences payable	69,470	-	-	69,470
Pension obligation payable	156,915	-	39,351	196,266
Intergovernmental payable	96,663	-	7,255	103,918
Interfund loans payable	-	-	90,500	90,500
Pollution remediation obligation payable	-	131,222	-	131,222
Deferred revenue	436,851	14,636,465	6,053	15,079,369
Unearned revenue	3,629,232	-	-	3,629,232
Total liabilities	<u>5,500,764</u>	<u>14,833,704</u>	<u>274,444</u>	<u>20,608,912</u>
Fund Balances:				
Reserved for encumbrances	224,278	218,002	174,977	617,257
Reserved for materials and supplies inventory	70,747	-	35,927	106,674
Reserved for prepayments	35,013	-	1,072	36,085
Reserved for debt service	-	-	784,725	784,725
Reserved for property tax unavailable for appropriation	1,093,653	-	-	1,093,653
Unreserved:				
Undesignated, reported in:				
General fund	9,236,034	-	-	9,236,034
Special revenue funds	-	-	695,404	695,404
Capital projects funds	-	10,345,176	10,163,189	20,508,365
Total fund balances	<u>10,659,725</u>	<u>10,563,178</u>	<u>11,855,294</u>	<u>33,078,197</u>
Total liabilities and fund balances	<u>\$ 16,160,489</u>	<u>\$ 25,396,882</u>	<u>\$ 12,129,738</u>	<u>\$ 53,687,109</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total governmental fund balances		\$	33,078,197
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			3,488,340
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	349,216	
Intergovernmental receivable		14,642,518	
Accrued interest receivable		87,635	
Total			15,079,369
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			899,558
Unamortized certificates of participation issuance costs are not recognized in the funds.			263,679
Unamortized discounts on certificates of participation are not recognized in the funds.			192,456
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(46,760)
Long-term liabilities, including certificates of participation, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,537,258)	
Energy conservation bonds payable		(390,000)	
Certificates of participation		(11,970,000)	
Capital lease obligations		(124,609)	
Total			(14,021,867)
Net assets of governmental activities			\$ 38,932,972

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ 4,746,216	\$ -	\$ -	\$ 4,746,216
Tuition	-	-	291,067	291,067
Charges for services	-	-	239,328	239,328
Earnings on investments	540,888	238,558	3,141	782,587
Extracurricular	-	-	15,788	15,788
Classroom materials and fees.	-	-	196,521	196,521
Contributions and donations	-	-	4,443	4,443
Contract services	168,183	-	69,320	237,503
Other local revenues	71,347	-	3,590	74,937
Intergovernmental - intermediate	-	-	289,091	289,091
Intergovernmental - state.	10,863,612	4,604,387	358,966	15,826,965
Intergovernmental - federal	-	-	990,947	990,947
Total revenues	<u>16,390,246</u>	<u>4,842,945</u>	<u>2,462,202</u>	<u>23,695,393</u>
Expenditures:				
Current:				
Instruction:				
Regular	721,465	-	1,113	722,578
Special.	416,495	-	-	416,495
Vocational.	8,363,385	-	958,692	9,322,077
Adult.	-	-	429,193	429,193
Support services:				
Pupil.	827,807	-	362,147	1,189,954
Instructional staff	776,395	-	758,740	1,535,135
Board of education	69,443	-	12,329	81,772
Administration.	1,217,105	-	50,468	1,267,573
Fiscal	487,745	1,009	9,632	498,386
Business	164,014	-	3,165	167,179
Operations and maintenance.	1,087,241	-	420	1,087,661
Pupil transportation	12,133	-	164	12,297
Central.	131,241	-	13,147	144,388
Operation of non-instructional services:				
Food service operations	-	-	368,689	368,689
Extracurricular activities.	82,528	-	-	82,528
Facilities acquisition and construction	-	673,993	304,990	978,983
Capital outlay	49,321	-	-	49,321
Debt service:				
Principal retirement	80,470	-	-	80,470
Interest and fiscal charges	471,171	-	-	471,171
Certificates of participation issuance costs	-	271,694	-	271,694
Total expenditures	<u>14,957,959</u>	<u>946,696</u>	<u>3,272,889</u>	<u>19,177,544</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>1,432,287</u>	<u>3,896,249</u>	<u>(810,687)</u>	<u>4,517,849</u>
Other financing sources (uses):				
Transfers in.	-	-	1,312,906	1,312,906
Transfers (out)	(1,312,906)	-	-	(1,312,906)
Certificates of participation issued	-	6,865,235	5,104,765	11,970,000
Discount on certificates of participation	-	(198,306)	-	(198,306)
Sale of assets	9,733	-	-	9,733
Capital lease transactions.	49,321	-	-	49,321
Total other financing sources (uses)	<u>(1,253,852)</u>	<u>6,666,929</u>	<u>6,417,671</u>	<u>11,830,748</u>
Net change in fund balances	178,435	10,563,178	5,606,984	16,348,597
Fund balances at beginning of year	10,476,196	-	6,244,189	16,720,385
Increase in reserve for inventory.	5,094	-	4,121	9,215
Fund balances at end of year.	<u>\$ 10,659,725</u>	<u>\$ 10,563,178</u>	<u>\$ 11,855,294</u>	<u>\$ 33,078,197</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	\$	16,348,597
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 1,195,305	
Current year depreciation	(349,751)	
Total		845,554
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(14,383)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		9,215
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(173,985)	
Intergovernmental	14,634,289	
Earnings on investments	15,315	
Total		14,475,619
Repayment of bond principal and capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		80,470
Capital lease obligation payable balance forgiven as part of the lease trade-in agreement. This reduces the long-term obligations on the statement of net assets.		
		17,753
Proceeds of certificates of participation and capital lease transactions are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
Certificates of participation	(11,970,000)	
Capital lease	(49,321)	
Total		(12,019,321)
Discounts on certificates of participation sold are recognized as an other financing use in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		198,306
Certificates of participation issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		271,694
In the statement of activities, interest is accrued on outstanding bonds and certificates of participation whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable	(44,856)	
Amortization of discounts	(5,850)	
Amortization of issuance costs	(8,015)	
Total		(58,721)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(51,023)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net expense of the internal service fund is allocated among the governmental activities		
		(299,466)
Change in net assets of governmental activities	\$	19,804,294

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 4,588,826	\$ 4,588,826	\$ 4,868,216	\$ 279,390
Earnings on investments	438,064	438,064	464,736	26,672
Contract services	158,531	158,531	168,183	9,652
Other local revenues.	67,252	67,252	71,347	4,095
Intergovernmental - state.	<u>10,241,754</u>	<u>10,241,754</u>	<u>10,865,325</u>	<u>623,571</u>
Total revenues	<u>15,494,427</u>	<u>15,494,427</u>	<u>16,437,807</u>	<u>943,380</u>
Expenditures:				
Current:				
Instruction:				
Regular	705,881	722,345	712,187	10,158
Special.	406,415	415,894	410,046	5,848
Vocational.	8,361,702	8,556,736	8,436,408	120,328
Support services:				
Pupil.	841,072	860,689	848,586	12,103
Instructional staff	796,062	814,630	803,174	11,456
Board of education.	69,339	70,956	69,958	998
Administration.	1,213,810	1,242,121	1,224,654	17,467
Fiscal	489,487	500,904	493,860	7,044
Business	163,979	167,804	165,444	2,360
Operations and maintenance.	1,177,277	1,204,736	1,187,795	16,941
Pupil transportation	11,657	11,929	11,761	168
Central.	141,324	144,621	142,587	2,034
Extracurricular activities	82,693	84,622	83,432	1,190
Debt service:				
Principal retirement	44,602	45,642	45,000	642
Interest and fiscal charges	454,404	465,003	458,464	6,539
Total expenditures	<u>14,959,704</u>	<u>15,308,632</u>	<u>15,093,356</u>	<u>215,276</u>
Excess of revenues over expenditures.	<u>534,723</u>	<u>185,795</u>	<u>1,344,451</u>	<u>1,158,656</u>
Other financing sources (uses):				
Refund of prior year expenditure	20,217	20,217	21,448	1,231
Transfers (out)	(1,299,695)	(1,330,010)	(1,311,307)	18,703
Advances in.	124,189	124,189	131,750	7,561
Advances (out)	(89,699)	(91,791)	(90,500)	1,291
Sale of capital assets	9,174	9,174	9,733	559
Total other financing sources (uses)	<u>(1,235,814)</u>	<u>(1,268,221)</u>	<u>(1,238,876)</u>	<u>29,345</u>
Net change in fund balance.	(701,091)	(1,082,426)	105,575	1,188,001
Fund balance at beginning of year.	10,037,217	10,037,217	10,037,217	-
Prior year encumbrances appropriated	291,832	291,832	291,832	-
Fund balance at end of year	<u>\$ 9,627,958</u>	<u>\$ 9,246,623</u>	<u>\$ 10,434,624</u>	<u>\$ 1,188,001</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash with fiscal agent	\$ 1,085,602
Total assets.	1,085,602
 Liabilities:	
Claims payable	186,044
Total liabilities.	186,044
 Net assets:	
Unrestricted.	899,558
Total net assets.	\$ 899,558

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Sales/charges for services	\$ 1,683,064
Operating expenses:	
Claims expense.	<u>2,009,181</u>
Total operating expenses.	<u>2,009,181</u>
Operating loss.	<u>(326,117)</u>
Nonoperating revenues:	
Interest revenue	<u>26,651</u>
Change in net assets	(299,466)
Net assets at beginning of year.	<u>1,199,024</u>
Net assets at end of year	<u><u>\$ 899,558</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 1,683,064
Cash payments for claims expenses	(2,107,875)
	(424,811)
Cash flows from investing activities:	
Interest received	26,651
	(398,160)
Net decrease in cash and investments	
Cash and investments at beginning of year.	1,483,762
Cash and investments at end of year	\$ 1,085,602
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	\$ (326,117)
Decrease in claims payable	(98,694)
	(424,811)
Net cash used in operating activities.	\$ (424,811)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 166,660	\$ 662,290
Prepayments	-	15,457
	166,660	677,747
Total assets.	166,660	\$ 677,747
Liabilities:		
Accounts payable	-	\$ 24,774
Intergovernmental payable	-	528,242
Unearned revenue	-	82,530
Due to students	-	42,201
	-	677,747
Total liabilities.	-	\$ 677,747
Net Assets:		
Held in trust for scholarships	166,660	
Total net assets.	\$ 166,660	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 2,611
Gifts and contributions.	1,305
	3,916
Deductions:	
Scholarships awarded	9,063
Change in net assets	(5,147)
Net assets at beginning of year	171,807
Net assets at end of year.	\$ 166,660

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 - DESCRIPTION OF THE DISTRICT

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, food services, extracurricular activities, and nonprogrammed services. It is staffed by 54 non-certified employees and 120 certificated full-time teaching personnel, who provide services to 1,138 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. 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, preschool and student related activities of the District.

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 have access to the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

The following organizations are described due to their relationship to the District:

JOINT VENTURE WITHOUT EQUITY INTEREST

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2009, the District paid \$189,908 to the COG for various services. The District serves as fiscal agent for the COG and financial activity for 2009 is reported in the financial statements as an agency fund.

PUBLIC ENTITY RISK POOLS

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

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

Each year, the participating school districts pay an enrollment fee to Sheakley Uniservice, Inc. to cover the costs of administering the program.

School of Ohio Risk Sharing Authority

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**PIONEER CAREER AND TECHNOLOGY CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

GOVERNMENTAL FUNDS

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

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

Classroom facilities fund - The classroom facilities fund is used to account for financial resources and expenditures related to the school facilities construction project.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; (c) for grants and other resources whose use is restricted to a particular purpose; and (d) food service operations.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program, which provides health benefits to employees.

FIDUCIARY FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for sales and services. Operating expenses for internal service funds include the claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report results of operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2009 are recorded as deferred revenue on the fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. 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 by fund, as certified. The specific timetable is as follows:

1. Prior to January 15, 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. The 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 July 1, 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 original and final certificates of estimated resources issued for fiscal year 2009.
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. (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.
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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

6. Any revisions that alter the total of any fund appropriation 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 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. Although the legal level of budgetary control is at the fund level, the District has elected to show the budgetary statement at the fund and function level of expenditures.

All supplemental appropriations were legally enacted by the Board during fiscal year 2009.

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.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all 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 investments" on the basic financial statements.

During fiscal year 2009, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, negotiable certificates of deposit, U.S. Government money market and nonnegotiable certificates of deposit. All investments of the District had a maturity date of five 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 nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2009. 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 shares price, which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$540,888, which includes \$214,780 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

An analysis of the District’s investments at year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. For fiscal year 2009, the District maintained a capitalization threshold of \$5,000.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2009, 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 leave on employees expected to become eligible to retire in the future, all employees age 50 with at least 5 years of service and all employees with at least 20 years of service 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 June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, debt service, and property taxes unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include the following nonmajor governmental funds: food service, special trust and uniform school supplies.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment.

At fiscal year end, because prepayments 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.

O. Unamortized Issuance Costs/Discount

On government-wide financial statements, issuance costs are defined and amortized over the term of the certificates of participation using the straight-line method, which approximates the effective interest method. Unamortized issuance costs of certificates of participation are recorded as a separate line item on the statement of net assets.

Discounts on certificates of participation are deferred and amortized over the term of the certificates of participation using the straight-line method, which approximates the effective interest method. Premiums are presented as an addition to the face amount of the certificates of participation.

On the governmental fund financial statements, issuance costs and discounts are recognized in the current period. A reconciliation between the certificates of participation face value and the amount reported on the statement of net assets is presented in Note 10.C.

P. Estimates

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 resulted in a liability of \$131,222 for asbestos removal. This amount is recorded as "pollution remediation obligation payable" on the fund financial statements and as a component of long-term liabilities on the statement of net assets.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**PIONEER CAREER AND TECHNOLOGY CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Other grants	\$ 5,816
Public school preschool	3,877
Schoolnet professional development	208
Vocational education enhancements	8,849
Vocational education	33,209
Title VI	24

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance in the other grants and schoolnet professional development funds resulted from adjustments for accrued liabilities.

The deficit fund balance in the public school preschool, vocational education enhancements, vocational education and the Title VI funds resulted from both the reporting of short-term interfund loans as a fund liability rather than as an other financing source and adjustments for accrued liabilities.

NOTE 4 - DEPOSITS 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 that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in these divisions are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had \$425 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments."

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash with Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2009 was \$1,085,602 and is not included in "Deposits with Financial Institutions".

C. Cash with Escrow Agent

At June 30, 2009, the District had \$782,483 in cash with an escrow agent relating to the certificates of participation that were issued during fiscal year 2009. This amount is recorded in the debt service fund (a nonmajor governmental fund) and is included in "Deposits with Financial Institutions".

D. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$18,321,074. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$14,557,366 of the District's bank balance of \$16,688,039 was exposed to custodial risk as discussed below, while \$2,130,673 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

E. Investments

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>25 to 60 months</u>
FHLB	\$ 899,217	\$ -	\$ 899,217	\$ -	\$ -	\$ -
FHLB discount notes	5,365,765	2,499,750	2,866,015	-	-	-
FHLMC	4,790,778	-	-	2,743,109	1,545,894	501,775
FFCB	300,189	-	-	-	-	300,189
FNMA	750,234	-	-	750,234	-	-
STAR Ohio	1,997,262	1,997,262	-	-	-	-
US government money market	5,623	5,623	-	-	-	-
Negotiable CDs	1,805,725	351,547	603,072	301,506	204,295	345,305
Total	<u>\$ 15,914,793</u>	<u>\$ 4,854,182</u>	<u>\$ 4,368,304</u>	<u>\$ 3,794,849</u>	<u>\$ 1,750,189</u>	<u>\$ 1,147,269</u>

The weighted average maturity of investments is 0.73 years.

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(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market ratings.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 899,217	5.65
FHLB discount notes	5,365,765	33.72
FHLMC	4,790,778	30.10
FFCB	300,189	1.89
FNMA	750,234	4.71
STAR Ohio	1,997,262	12.55
US government money market	5,623	0.04
Negotiable CDs	<u>1,805,725</u>	<u>11.34</u>
Total	<u>\$ 15,914,793</u>	<u>100.00</u>

F. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 18,321,074
Investments	15,914,793
Cash with fiscal agent	1,085,602
Cash on hand	<u>425</u>
Total	<u>\$ 35,321,894</u>

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(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 34,492,944
Private-purpose trust fund	166,660
Agency funds	<u>662,290</u>
 Total	 <u>\$ 35,321,894</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2009 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 90,500

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2009 are reported on the statement of net assets.

- B. Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:

General fund	\$ 1,312,906
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Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

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(CONTINUED)

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2009 represented collections of calendar year 2008 taxes. Public utility real property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property) represented the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. The tangible personal property tax is being phased out - the assessment percentage for all property including inventory was 6.25 percent for 2008. This percentage was reduced to zero for 2009. Payments by multi-county taxpayers were due by September 20. Single county taxpayers were required to pay annually or semi-annually. If paid annually, payment is due by April 30; if paid semi-annually, the first payment is due by April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 were received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in 2009 and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2009-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Richland, Ashland, Crawford, Huron, Morrow, Marion, Wyandot and Seneca Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$1,093,653 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$1,185,791 in the general fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,090,060,260	91.81	\$ 2,132,803,100	93.81
Public utility personal	101,899,541	4.48	84,571,930	3.72
Tangible personal property	<u>84,482,650</u>	<u>3.71</u>	<u>56,227,706</u>	<u>2.47</u>
Total	<u>\$ 2,276,442,451</u>	<u>100.00</u>	<u>\$ 2,273,602,736</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$4.70		\$4.70

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. 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 reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 5,072,954
Accounts	77,262
Intergovernmental	14,756,461
Accrued interest	<u>139,831</u>
Total	<u>\$ 20,046,508</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year with the exception of the \$14,636,465 Ohio School Facilities Commission (OSFC) receivable which is expected to be collected over the life of the project.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance			Balance
	<u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in progress	<u>-</u>	<u>916,886</u>	<u>-</u>	<u>916,886</u>
Total capital assets, not being depreciated	<u>25,000</u>	<u>916,886</u>	<u>-</u>	<u>941,886</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	4,070,475	-	-	4,070,475
Furniture and equipment	3,502,594	174,940	(85,936)	3,591,598
Vehicles	<u>352,414</u>	<u>103,479</u>	<u>(6,372)</u>	<u>449,521</u>
Total capital assets, being depreciated	<u>7,925,483</u>	<u>278,419</u>	<u>(92,308)</u>	<u>8,111,594</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(3,235,260)	(81,889)	-	(3,317,149)
Furniture and equipment	(1,853,948)	(227,419)	76,651	(2,004,716)
Vehicles	<u>(204,106)</u>	<u>(40,443)</u>	<u>1,274</u>	<u>(243,275)</u>
Total accumulated depreciation	<u>(5,293,314)</u>	<u>(349,751)</u>	<u>77,925</u>	<u>(5,565,140)</u>
Governmental activities capital assets, net	<u>\$ 2,657,169</u>	<u>\$ 845,554</u>	<u>\$ (14,383)</u>	<u>\$ 3,488,340</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 9,983
Special	3,123
Vocational	189,407

Support services:

Pupil	1,798
Administration	22,290
Fiscal	224
Business	433
Operations and maintenance	44,979
Central	59,772
Food service operations	12,635
Extracurricular activities	<u>5,107</u>
Total depreciation expense	<u>\$ 349,751</u>

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NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In the current fiscal year and in previous fiscal years the District entered into capitalized leases for copiers and a postage machine. These lease agreements meet 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. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets consisting of copiers and a postage mail machine have been capitalized in the amount of \$190,213. This amount represents the present value of the minimum lease payments at the time of acquisition. As of June 30, 2009 accumulated depreciation was \$58,449, resulting in a net carrying value of \$131,764. Copiers in the amount of \$2,983 have not been capitalized since the assets individually do not meet the District's capitalization threshold. A liability is recorded in the government-wide financial statements equal to the present value of the future minimum lease payments. Principal payments in fiscal year 2009 totaled \$35,470 paid by the general fund.

In addition to the amount of principal retired, the District also traded in leases with principal balances of \$17,753, which is included in general expenditures.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2009:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 46,909
2011	37,683
2012	34,029
2013	<u>27,240</u>
Total minimum lease payments	145,861
Less: amount representing interest	<u>(21,252)</u>
Total	<u>\$124,609</u>

NOTE 10 - LONG-TERM OBLIGATIONS

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

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NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a description of the District's energy conservation bonds outstanding as of June 30, 2009:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance June 30, 2008</u>	<u>Retired in 2009</u>	<u>Balance June 30, 2009</u>
Energy conservation bonds	5.51%	08/01/00	12/01/15	\$ 435,000	\$(45,000)	\$ 390,000

Principal and interest requirements to retire energy conservation bonds at June 30, 2009, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2010	\$ 45,000	\$ 20,728	\$ 65,728
2011	50,000	18,174	68,174
2012	55,000	15,311	70,311
2013	55,000	12,259	67,259
2014	60,000	9,009	69,009
2015 - 2016	<u>125,000</u>	<u>7,468</u>	<u>132,468</u>
Total	<u>\$ 390,000</u>	<u>\$ 82,949</u>	<u>\$ 472,949</u>

- B.** On August 21, 2008, the District issued \$11,970,000 in certificates of participation ("COPs") to finance the acquisition, construction, installation and improvement of District facilities. The certificates bear interest rates ranging from 3.00% to 5.125%. Interest payments on the certificates are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 31, 2036. The District had \$11,051,487 in unspent proceeds at June 30, 2009.

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NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the COPs at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal on COPs	Interest on COPs	Total
2010	\$ 220,000	\$ 556,438	\$ 776,438
2011	225,000	549,762	774,762
2012	235,000	542,569	777,569
2013	240,000	534,850	774,850
2014	250,000	526,575	776,575
2015 - 2019	1,400,000	2,475,000	3,875,000
2020 - 2024	1,710,000	2,150,341	3,860,341
2025 - 2029	2,155,000	1,697,730	3,852,730
2030 - 2034	2,745,000	1,080,734	3,825,734
2035 - 2037	<u>2,790,000</u>	<u>258,044</u>	<u>3,048,044</u>
Total	<u>\$ 11,970,000</u>	<u>\$ 10,372,043</u>	<u>\$ 22,342,043</u>

C. The District's long-term obligations during the year consist of the following:

	Balance Outstanding June 30, 2008	Additions	Reductions	Balance Outstanding June 30, 2009	Amounts Due in One Year
Governmental activities:					
Energy conservation bonds	\$ 435,000	\$ -	\$ (45,000)	\$ 390,000	\$ 45,000
Certificates of participation	-	11,970,000	-	11,970,000	220,000
Capital lease obligations	128,511	49,321	(53,223)	124,609	37,379
Pollution remediation	-	131,222	-	131,222	131,222
Compensated absences	<u>1,506,637</u>	<u>452,581</u>	<u>(352,490)</u>	<u>1,606,728</u>	<u>440,022</u>
Total long-term obligations, governmental activities	<u>\$ 2,070,148</u>	<u>\$ 12,603,124</u>	<u>\$ (450,713)</u>	<u>14,222,559</u>	<u>\$ 873,623</u>
Less: Unamortized discount				<u>(192,456)</u>	
Total per statement of net assets				<u>\$ 14,030,103</u>	

Compensated absences will be paid from the fund from which the employee is paid, which for the District is the general fund, food service fund (a nonmajor governmental fund) and the adult education fund (a nonmajor governmental fund).

The pollution remediation obligation consists of a liability for asbestos removal in the District's building, which is being undertaken as part of an Ohio School Facilities Commission renovation project. The entire liability of \$131,222 is reported as a current liability in the classroom facilities fund.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt 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. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$188,029,414 (including available funds of \$784,725), an unvoted debt margin of \$2,213,497 and an unvoted energy conservation debt margin of \$19,531,469.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. The District contracted with the Schools of Ohio Risk Sharing Authority (SORSA) for general liability, school board legal liability, employee benefits liability, auto liability, property, and crime coverages. Commercial general liability has a \$6,000,000 per occurrence, \$8,000,000 aggregate limit. Boiler and machinery coverage was provided by (SORSA) in the amount of \$41,705,692 with a \$500 deductible. Crime coverage is also provided with a limit of \$100,000 for public employee dishonesty, forgery, and money and securities with a \$500 deductible.

Vehicles are covered by (SORSA) and carry a \$1,000 physical damage deductible. Automobile liability has a \$492,903 combined single limit of liability. The aforementioned umbrella policy is above the auto as well.

Public official's bond insurance is provided by Travelers Casualty and Surety Company of America for a total of \$260,000. The Treasurer's bond is provided by Ohio Casualty Insurance Company in the amount of \$20,000. School leader's errors and omissions policy is provided by Selective Insurance Company of South Carolina in the aggregate amount of \$1,000,000, with a \$2,500 deductible for each wrongful act.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Employee Health

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 care. A third-party administrator, Employee Benefits Management Corporation, 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 \$1,003 for family coverage and \$819 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 \$186,044 reported in the fund at June 30, 2009 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability for fiscal year 2009 and the prior fiscal year follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2009	\$ 284,738	\$ 2,009,181	\$ (2,107,875)	\$ 186,044
2008	197,973	1,587,762	(1,500,997)	284,738

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

C. Workers' Compensation

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. Participants of the Plan are placed in tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its Plan tier rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. Sheakley Uniservice, Inc. provides administrative cost control and actuarial services to the Plan.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$230,450, \$217,199 and \$225,882, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 12 - PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,122,335, \$1,026,341 and \$978,433, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$10,264 made by the District and \$34,736 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$153,368, \$144,620 and \$118,695, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$19,014, \$15,650 and \$15,360, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$86,333, \$78,949 and \$75,264, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance	<u>General fund</u>
Budget basis	\$ 105,575
Net adjustment for revenue accruals	(47,561)
Net adjustment for expenditure accruals	(157,835)
Net adjustment for other sources/uses	(14,976)
Adjustment for encumbrances	<u>293,232</u>
GAAP basis	<u>\$ 178,435</u>

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

NOTE 16 - STATUTORY RESERVES

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

NOTE 16 - STATUTORY RESERVES - (Continued)

During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	Textbooks/ Instructional Materials	Capital Acquisition	Budget Stabilization
Set-aside balance as of June 30, 2008	\$ (2,289,486)	\$ -	\$ 65,263
Current year set-aside requirement	194,542	194,542	-
Current year offset	-	(11,970,000)	-
Qualifying disbursements	<u>(451,610)</u>	<u>(561,832)</u>	<u>(65,623)</u>
Total	<u>\$ (2,546,554)</u>	<u>\$ (12,337,290)</u>	<u>\$ -</u>
Balance carried forward to fiscal year 2010	<u>\$ (2,546,554)</u>	<u>\$ (11,970,000)</u>	<u>\$ -</u>

Effective April 10, 2001 the Ohio legislative 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 Workers' 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 District transferred the BWC refund and non-BWC refund amounts to the capital projects fund to be used for the building renovation project, thus eliminating the Budget Stabilization reserve.

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

The District issued certificates of participation during the year to finance renovations made to the District's building and this amount may be used to reduce the capital acquisition set-aside requirement. The excess qualifying disbursements may not be carried forward to future years.

NOTE 17 - CONTRACTUAL COMMITMENTS

As a result of the Ohio School Facilities Project that was in progress at June 30, 2009, the District had the following outstanding contractual commitments at fiscal year end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Gandee & Associates, Inc.	\$ 57,385	\$ (10,336)	\$ 47,049
Four Seasons Environmental, Inc.	161,700	(2,021)	159,679
Key Blue Prints	59,000	(342)	58,658
Lepi Enterprises	131,222	-	131,222
Action Contractors	26,425	-	26,425
Total Contractual Commitments	<u>\$ 435,732</u>	<u>\$ (12,699)</u>	<u>\$ 423,033</u>

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through the Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	2009	10.553	\$23,681	\$782	\$23,681	\$782
National School Lunch Program	2009	10.555	94,965	25,947	94,965	25,947
Total Child Nutrition Cluster			<u>118,646</u>	<u>26,729</u>	<u>118,646</u>	<u>26,729</u>
Total U.S. Department of Agriculture			<u>118,646</u>	<u>26,729</u>	<u>118,646</u>	<u>26,729</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>						
<i>Direct Program:</i>						
Grants to States	2008	45.310	6,575		63,991	
	2009		197,240		178,439	
Total Grants to States			<u>203,815</u>		<u>242,430</u>	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Program:</i>						
Federal Pell Grant Program	N/A	84.063	47,946		47,946	
<i>Passed through the Ohio Department of Education:</i>						
Adult Education_State Grant Program	2009	84.002	66,813		66,813	
Vocational Education_Basic Grants to States	2008	84.048	2,821		3,190	
	2009		1,313		2,689	
	2008		46,024		60,920	
	2009		310,475		324,339	
<i>Passed through the Madison Local School District:</i>						
Vocational Education_Basic Grants to States	2009	84.048	21,378		21,378	
Total Vocational Education_Basic Grants to States			<u>382,011</u>		<u>412,516</u>	
<i>Passed through the Ohio Department of Education:</i>						
Safe and Drug-Free Schools and Communities_State Grants	2008	84.186	1,599		1,599	
	2009		4,059		4,059	
Total Safe and Drug-Free Schools and Communities_State Grants			<u>5,658</u>		<u>5,658</u>	
State Grants for Innovative Programs	2008	84.298	2,635			
	2009		1,793		3,505	
Total State Grants for Innovative Programs			<u>4,428</u>		<u>3,505</u>	
Improving Teacher Quality State Grants	2008	84.367	3,904		3,430	
	2009		3,917		6,005	
Total Improving Teacher Quality State Grants			<u>7,821</u>		<u>9,435</u>	
Total U.S. Department of Education			<u>514,677</u>		<u>545,873</u>	
Totals			<u>\$837,138</u>	<u>\$26,729</u>	<u>\$906,949</u>	<u>\$26,729</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Pioneer Career and Technology Center's (the District's) federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2009-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We noted a certain matter that we reported to the District's management in a separate letter dated December 23, 2009.

Compliance and Other Matters

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

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated December 23, 2009.

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 23, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL 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 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 apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 23, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster: School Breakfast Program / CFDA # 10.553 National School Lunch Program / CFDA # 10.555 Grants to States / CFDA # 45.310
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2009-001

Significant Deficiency

Financial Statement Errors

The following items were noted during the testing of the Financial Statements:

- Classroom Facilities and Other Governmental Funds' contracts payable were understated \$81,190 and \$35,393, respectively, due to the exclusion of certain contract payments made after year-end for fiscal year 2009 services. In addition, Classroom Facilities Fund's contracts payable were overstated \$49,478 due to including amounts for asbestos removal as both contracts payable and pollution remediation obligation payable. The net difference for the Classroom Facilities Fund was \$31,712. These amounts were not significant and were reported to management as unadjusted differences.
- General Fund's restricted cash and reserved for budget stabilization was overstated and equity in pooled cash and investments was understated by \$65,263; designated fund balance was overstated \$174,374; and unreserved, undesignated fund balance was understated \$239,637 due to the inclusion of the budget reserve which had been spent by the District during the year. These amounts were adjusted on the financial statements.
- Governmental Activities' long-term liabilities due within one year were overstated \$184,434 due to including vacation accruals on ineligible jobs. This amount was not significant and was reported to management as an unadjusted difference.
- Governmental Activities' capital assets construction in progress was understated \$25,595 due to the exclusion of certain construction expenses. This amount was not significant and was reported to management as an unadjusted difference.

Management should review the draft GAAP journal entries and financial statements to help ensure they are supported by sufficient and accurate documentation, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors and help ensure more accurate financial reporting.

A similar matter was also reported in the June 30, 2008 financial statement audit's management letter.

Officials' Response: The findings in 2009-001 will be discussed with our GAAP converters and management will review the draft GAAP journal entries and financial statements to help ensure they are supported by sufficient and accurate documentation, free of obvious errors and omissions, and consistent with their financial expectations.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on July 21, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Mary Taylor, CPA
Auditor of State

December 23, 2009



Mary Taylor, CPA
Auditor of State

PIONEER CAREER AND TECHNOLOGY CENTER

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 28, 2010**