



Rea & associates *a brighter way*

Pioneer Career and Technology Center Richland County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Pioneer Career and Technology Center, Richland County, prepared by Rea & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2020

Pioneer Career and Technology Center

Richland County, Ohio

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October 21, 2020

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pioneer Career and Technology Center, Richland County, Ohio, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pioneer Career and Technology Center, Richland County, Ohio, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 2, the District restated the net position and fund balances to account for the implementation of GASB Statement No. 84, *Fiduciary Activities*. Also, as discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Medina, Ohio

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Pioneer Career and Technology Center
Richland County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

The discussion and analysis of the Pioneer Career and Technology Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- Net position increased \$1,883,628, which represents a 10 percent increase over 2019 restated net position.
- Capital assets decreased \$719,692 during fiscal year 2020.
- During the year, outstanding debt decreased from \$10,591,208 to \$10,149,282.

Using this Annual Report

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020*

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. 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 fund. The District's major governmental fund is the general 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 statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. Custodial funds are reported on the accrual basis and present a statement of fiduciary net position and statement of changes in fiduciary net position.

Pioneer Career and Technology Center
Richland County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019:

Table 1
Net Position

	Governmental Activities		
	2020	Restated 2019	Change
Assets			
Current Assets	\$ 35,011,402	\$ 31,235,420	\$ 3,775,982
Net OPEB Asset	1,284,066	1,231,642	52,424
Capital Assets	27,356,246	28,075,938	(719,692)
<i>Total Assets</i>	<u>63,651,714</u>	<u>60,543,000</u>	<u>3,108,714</u>
Deferred Outflows of Resources			
Deferred Charges on Refunding	1,010,549	1,070,880	(60,331)
Pension & OPEB	4,927,824	6,318,728	(1,390,904)
<i>Total Deferred Outflows of Resources</i>	<u>5,938,373</u>	<u>7,389,608</u>	<u>(1,451,235)</u>
Liabilities			
Current Liabilities	2,727,381	2,709,485	17,896
Long-Term Liabilities:			
Due Within One Year	1,100,325	788,164	312,161
Due in More Than One Year			
Pension & OPEB	24,496,158	24,436,799	59,359
Other Amounts	10,383,736	10,943,009	(559,273)
<i>Total Liabilities</i>	<u>38,707,600</u>	<u>38,877,457</u>	<u>(169,857)</u>
Deferred Inflows of Resources			
Property Taxes	5,885,913	5,412,418	473,495
Pension & OPEB	3,553,740	4,083,527	(529,787)
<i>Total Deferred Inflows of Resources</i>	<u>9,439,653</u>	<u>9,495,945</u>	<u>(56,292)</u>
Net Position			
Net Investment in Capital Assets	18,217,513	18,493,056	(275,543)
Restricted	5,380,928	5,009,912	371,016
Unrestricted	(2,155,607)	(3,943,762)	1,788,155
<i>Total Net Position</i>	<u>\$ 21,442,834</u>	<u>\$ 19,559,206</u>	<u>\$ 1,883,628</u>

Pioneer Career and Technology Center
Richland County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2020, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these assets/liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2020 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020*

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

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

At year end capital assets represented 43 percent of total assets. Capital assets include land, buildings and improvements, furniture and equipment, and vehicles. The net investment in capital assets was \$18,217,513 at June 30, 2020. These capital assets are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that 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 position, \$5,380,928, or 25 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit of \$2,155,607.

There was a large increase in current assets for fiscal 2020. Property taxes increased due to an increase in taxes receivable. This was caused by an increase in the assessed valuation for the newly completed Rover Pipeline and transfer station, resulting in additional property tax revenue for the District. There was also an increase in property tax delinquent for the Rover Pipeline as they are now appealing that valuation. There was also an increase in cash investments that was a result a normal operations.

There was a significant change in net pension/OPEB liability/asset and related accruals for the District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

Pioneer Career and Technology Center
Richland County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

In order to further understand what makes up the changes in net position for the current year, table 2 gives readers further detail regarding the results of activities for 2020 and 2019:

Table 2
Changes in Net Position

	2020	2019	Change
Revenues			
<i>Program Revenues:</i>			
Charges for Services	\$ 1,979,179	\$ 2,102,720	\$ (123,541)
Operating Grants	2,390,215	1,976,142	414,073
Capital Grants	15,225	65,925	(50,700)
<i>Total Program Revenues</i>	<u>4,384,619</u>	<u>4,144,787</u>	<u>239,832</u>
<i>General Revenues:</i>			
Property Taxes	8,173,468	6,762,155	1,411,313
Grants and Entitlements Not Restricted	10,173,566	10,189,962	(16,396)
Other	697,427	573,302	124,125
<i>Total General Revenues</i>	<u>19,044,461</u>	<u>17,525,419</u>	<u>1,519,042</u>
<i>Total Revenues</i>	<u>23,429,080</u>	<u>21,670,206</u>	<u>1,758,874</u>
Program Expenses			
<i>Instruction:</i>			
Regular	1,267,460	836,628	430,832
Special	927,780	758,579	169,201
Vocational	11,881,610	9,933,162	1,948,448
Adult/Continuing	159,176	219,941	(60,765)
<i>Support Services:</i>			
Pupils	1,527,961	1,239,670	288,291
Instructional Staff	1,273,234	1,103,744	169,490
Board of Education	126,583	134,573	(7,990)
Administration	1,193,616	1,068,063	125,553
Fiscal	525,748	515,206	10,542
Business	147,463	114,852	32,611
Operation and Maintenance of Plant	1,034,178	1,191,291	(157,113)
Pupil Transportation	1,782	2,098	(316)
Central	146,992	202,081	(55,089)
<i>Operation of Non-Instructional Services:</i>			
Food Service Operations	560,445	583,373	(22,928)
Extracurricular Activities	319,316	214,683	104,633
<i>Debt Service:</i>			
Interest and Fiscal Charges	452,108	464,790	(12,682)
<i>Total Expenses</i>	<u>21,545,452</u>	<u>18,582,734</u>	<u>2,962,718</u>
Extraordinary Item	0	1,981,385	(1,981,385)
<i>Total Expenses and Extraordinary Item</i>	<u>21,545,452</u>	<u>20,564,119</u>	<u>981,333</u>
<i>Increase (Decrease) in Net Position</i>	1,883,628	1,106,087	777,541
<i>Net Position at Beginning of Year</i>	19,559,206	18,170,999	1,388,207
<i>Restatement, See Note 2.</i>	0	282,120	(282,120)
<i>Net Position at End of Year</i>	<u>\$ 21,442,834</u>	<u>\$ 19,559,206</u>	<u>\$ 1,883,628</u>

Pioneer Career and Technology Center
Richland County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Operating grants increased due to the Student Wellness and Success grant received during fiscal year 2020. Property taxes also increased, as previously discussed. The changes in program expenses are primarily associated to changes in the District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2020	2019	2020	2019
Instruction:				
Regular	\$ 1,267,460	\$ 836,628	\$ 1,114,293	\$ 717,759
Special	927,780	758,579	(301,422)	(458,593)
Vocational	11,881,610	9,933,162	10,529,067	8,386,664
Adult/Continuing	159,176	219,941	(13,101)	33,665
Support Services:				
Pupils	1,527,961	1,239,670	904,558	934,614
Instructional Staff	1,273,234	1,103,744	1,010,688	832,968
Board of Education	126,583	134,573	126,583	134,573
Administration	1,193,616	1,068,063	1,173,446	1,041,649
Fiscal	525,748	515,206	525,748	515,206
Business	147,463	114,852	147,463	114,852
Operation and Maintenance of Plant	1,034,178	1,191,291	1,034,113	1,189,762
Pupil Transportation	1,782	2,098	1,594	1,894
Central	146,992	202,081	140,836	193,629
Operation of Non-Instructional Services:				
Food Service Operations	560,445	583,373	211,217	119,832
Extracurricular Activities	319,316	214,683	103,642	214,683
Debt Service:				
Interest and Fiscal Charges	452,108	464,790	452,108	464,790
<i>Total Expenses</i>	<u>\$ 21,545,452</u>	<u>\$ 18,582,734</u>	<u>\$ 17,160,833</u>	<u>\$ 14,437,947</u>

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

Pioneer Career and Technology Center
Richland County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Governmental Funds

As noted earlier, the District's governmental funds are accounted for using the modified accrual method of accounting. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

The general fund is the chief operating fund of the District. The general fund's net change in fund balance for fiscal year 2020 was an increase of \$2,482,239 this is due to an increase in property tax revenue from the Rover Pipeline and transfer station as well as conservative spending throughout the District.

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 2020, the District amended its general fund appropriation budget. The District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations.

Final Budget Compared to Actual Results For the general fund, there were no significant variances between the actual budget basis revenue and other financing sources to the final budget.

A review of actual expenditures and other financing uses compared to the appropriations in the final budget yields a significant variance. This was primarily the result of cost saving measures throughout the District combined with conservative estimates for retirements that did not occur during the year.

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Pioneer Career and Technology Center
Richland County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal year 2020 balances compared with 2019.

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

	Governmental Activities	
	2020	2019
Land	\$ 25,000	\$ 25,000
Buildings and Improvements	24,890,283	25,388,865
Furniture and Equipment	2,355,517	2,542,650
Vehicles	85,446	119,423
<i>Totals</i>	\$ 27,356,246	\$ 28,075,938

See Note 7 for additional information about the capital assets of the District.

Debt

Table 5 summarizes debt outstanding. See Note 13 for additional details.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2020	2019
Certificates of Participation Bonds	\$ 9,905,000	\$ 10,345,000
Capital Lease	244,282	246,208
<i>Total</i>	\$ 10,149,282	\$ 10,591,208

Current Issues

The District remains fiscally stable and ended fiscal year 2020 in a good financial position. The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. As the preceding information shows, the District's general fund is performing well. This amount incorporates the "equity in pooled cash and investments" balance of all the various funds that are considered part of the general fund on a GAAP-basis. The "equity in pooled cash and investments" balance of the general fund at June 30, 2020 was \$17,665,039. The District continues to maintain a healthy cash balance in the general fund in the midst of funding uncertainties.

Pioneer Career and Technology Center
Richland County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

With the approval of a replacement levy in November, 2014, the effective millage of the District for tax year 2019 and collectable in 2020 is Class I real estate at 2.76 and Class II real estate at 3.37.

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

State Foundation funding is dependent on the State budget and can change every 2 years. With the new State biennial budget for fiscal years 2019 and 2020, Pioneer has been capped at FY18 funding which includes the career-tech weighted funding portion of the State Foundation formula. In previous years when a freeze was implemented, the career-tech weighted funding element of the formula remained outside of the freeze.

Beginning at the end of fiscal year 2018 and ending in October 2018, replacement of the faulty HVAC system installed during the School Renovations in 2009 to 2012 was completed. Funds from the original renovation budget have been used to cover the costs of this replacement. The Ohio Attorney General's office is seeking recovery of funds for the replacement and has filed a lawsuit to recover HVAC replacement costs. No estimate for amounts that may be due to the District is available as of the date of this report.

The District's biggest challenge in the next year or two will be the world-wide COVID-19 pandemic. The District's five-year forecast has been affected by lowering the expected salary increase from 2% to 1% for the three years of the new contract. With this in mind, the District is not sure how long of a contract will be ratified in Spring of FY21. For the first time in many, many years the general fund made an advance to food service operations in order to get that fund out of a deficit at year-end. The District has spent much of the general fund monies trying to best serve their students by purchasing technology, software and new equipment to help students through this trying time. The District expects these pandemic related expenses to continue to occur in FY21 and FY22.

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

Contacting the District's Financial Management

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

Pioneer Career and Technology Center
Richland County, Ohio
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 23,789,949
Cash and Cash Equivalents with Fiscal Agent	2,058,752
Cash and Cash Equivalents with Trustee	710,812
Cash and Cash Equivalents in Segregated Accounts	39,052
Receivables:	
Accounts	74,902
Intergovernmental	124,298
Property Taxes	8,213,637
Net OPEB Asset	1,284,066
Nondepreciable Capital Assets	25,000
Depreciable Capital Assets (Net)	27,331,246
<i>Total Assets</i>	63,651,714
Deferred Outflows of Resources	
Deferred Charges on Refunding	1,010,549
Pension	4,437,515
OPEB	490,309
<i>Total Deferred Outflows of Resources</i>	5,938,373
Liabilities	
Accounts Payable	190,784
Accrued Wages and Benefits	1,478,583
Contracts Payable	86,000
Intergovernmental Payable	223,457
Claims Payable	433,623
Unearned Revenue	314,934
Long Term Liabilities:	
Due Within One Year	1,100,325
Due In More Than One Year:	
Net Pension Liability	22,363,372
Net OPEB Liability	2,132,786
Other Amonts Due in More Than One Year	10,383,736
<i>Total Liabilities</i>	38,707,600
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	5,885,913
Pension	1,190,414
OPEB	2,363,326
<i>Total Deferred Inflows of Resources</i>	9,439,653
Net Position	
Net Investment in Capital Assets	18,217,513
Restricted For:	
Capital Outlay	1,441,228
Debt Service	722,846
Classroom Facilities	2,413,015
Other Purposes	803,839
Unrestricted	(2,155,607)
<i>Total Net Position</i>	\$ 21,442,834

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, 2020

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
Governmental Activities				
Instruction:				
Regular	\$ 1,267,460	\$ 153,167	\$ 0	\$ (1,114,293)
Special	927,780	0	1,229,202	301,422
Vocational	11,881,610	1,137,166	200,152	(10,529,067)
Adult/Continuing	159,176	114,959	57,318	13,101
Support Services:				
Pupils	1,527,961	1,538	621,865	(904,558)
Instructional Staff	1,273,234	171,486	91,060	(1,010,688)
Board of Education	126,583	0	0	(126,583)
Administration	1,193,616	7,997	12,173	(1,173,446)
Fiscal	525,748	0	0	(525,748)
Business	147,463	0	0	(147,463)
Operation and Maintenance of Plant	1,034,178	0	65	(1,034,113)
Pupil Transportation	1,782	0	188	(1,594)
Central	146,992	0	6,156	(140,836)
Operation of Non-Instructional Services:				
Food Service Operations	560,445	183,212	166,016	(211,217)
Extracurricular Activities	319,316	209,654	6,020	(103,642)
Debt Service:				
Interest and Fiscal Charges	452,108	0	0	(452,108)
Total	<u>\$ 21,545,452</u>	<u>\$ 1,979,179</u>	<u>\$ 2,390,215</u>	<u>\$ 15,225</u> <u>(17,160,833)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	8,173,468
Grants and Entitlements Not Restricted to Specific Programs	10,173,566
Investment Earnings	527,407
Miscellaneous	170,020
Total General Revenues	<u>19,044,461</u>
Change in Net Position	1,883,628
Net Position Beginning of Year (Restated, See Note 2)	<u>19,559,206</u>
Net Position End of Year	<u>\$ 21,442,834</u>

See accompanying notes to the basic financial statements.

Pioneer Career and Technology Center
Richland County, Ohio
Balance Sheet
Governmental Funds
June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	\$ 17,665,039	\$ 6,124,910	\$ 23,789,949
Cash and Cash Equivalents with Trustee	0	710,812	710,812
Cash and Cash Equivalents in Segregated Accounts	0	39,052	39,052
Receivables:			
Accounts	72,163	2,739	74,902
Interfund	108,656	0	108,656
Intergovernmental	0	124,298	124,298
Property Taxes	8,213,637	0	8,213,637
<i>Total Assets</i>	<u>\$ 26,059,495</u>	<u>\$ 7,001,811</u>	<u>\$ 33,061,306</u>
Liabilities			
Accounts Payable	\$ 12,667	\$ 178,117	\$ 190,784
Accrued Wages and Benefits	1,425,955	52,628	1,478,583
Contracts Payable	0	86,000	86,000
Intergovernmental Payable	198,187	25,270	223,457
Interfund Payable	0	108,656	108,656
<i>Total Liabilities</i>	<u>1,636,809</u>	<u>450,671</u>	<u>2,087,480</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	5,885,913	0	5,885,913
Unavailable Revenue	856,025	66,730	922,755
<i>Total Deferred Inflows of Resources</i>	<u>6,741,938</u>	<u>66,730</u>	<u>6,808,668</u>
Fund Balances			
Nonspendable	23,355	0	23,355
Restricted	0	5,300,041	5,300,041
Committed	0	382,069	382,069
Assigned	1,142,833	877,150	2,019,983
Unassigned	16,514,560	(74,850)	16,439,710
<i>Total Fund Balances</i>	<u>17,680,748</u>	<u>6,484,410</u>	<u>24,165,158</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 26,059,495</u>	<u>\$ 7,001,811</u>	<u>\$ 33,061,306</u>

See accompanying notes to the basic financial statements.

Pioneer Career and Technology Center
Richland County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2020

Total Governmental Fund Balances		\$ 24,165,158
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,356,246
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 66,730	
Accounts Receivable	72,163	
Delinquent Property Taxes	783,862	922,755
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,310,195
In the statement of activities, a gain/loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding gain/loss is reported when bonds are issued.		1,010,549
The net pension and OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in the funds.		
Net OPEB Asset	1,284,066	
Deferred Outflows - Pension	4,437,515	
Deferred Outflows - OPEB	490,309	
Net Pension Liability	(22,363,372)	
Net OPEB Liability	(2,132,786)	
Deferred Inflows - Pension	(1,190,414)	
Deferred Inflows - OPEB	(2,363,326)	(21,838,008)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Certificates of Participation	(9,905,000)	
Capital Lease Obligation	(244,282)	
Compensated Absences	(1,334,779)	(11,484,061)
<i>Net Position of Governmental Activities</i>		\$ 21,442,834

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, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 7,698,521	\$ 0	\$ 7,698,521
Intergovernmental	11,394,062	1,000,626	12,394,688
Investment Income	480,808	4,992	485,800
Tuition and Fees	1,218,297	280,830	1,499,127
Extracurricular Activities	10,261	211,090	221,351
Charges for Services	130,880	183,952	314,832
Contributions and Donations	8,706	108,145	116,851
Miscellaneous	102,932	10,542	113,474
<i>Total Revenues</i>	<u>21,044,467</u>	<u>1,800,177</u>	<u>22,844,644</u>
Expenditures			
Current:			
Instruction:			
Regular	1,140,910	0	1,140,910
Special	868,000	0	868,000
Vocational	9,999,441	356,064	10,355,505
Adult Education	0	145,807	145,807
Support Services:			
Pupils	986,187	406,288	1,392,475
Instructional Staff	967,072	231,826	1,198,898
Board of Education	89,446	37,137	126,583
Administration	1,044,909	9,688	1,054,597
Fiscal	524,453	0	524,453
Business	152,995	0	152,995
Operation and Maintenance of Plant	852,948	105,877	958,825
Pupil Transportation	1,632	150	1,782
Central	143,176	2,722	145,898
Extracurricular Activities	83,638	198,938	282,576
Operation of Non-Instructional Services:			
Food Service Operations	0	464,139	464,139
Capital Outlay	107,974	416,612	524,586
Debt Service:			
Principal Retirement	477,300	72,600	549,900
Interest and Fiscal Charges	391,777	0	391,777
<i>Total Expenditures</i>	<u>17,831,858</u>	<u>2,447,848</u>	<u>20,279,706</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,212,609</u>	<u>(647,671)</u>	<u>2,564,938</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	6,756	0	6,756
Inception of Capital Lease	107,974	0	107,974
Transfers In	0	845,100	845,100
Transfers Out	(845,100)	0	(845,100)
<i>Total Other Financing Sources (Uses)</i>	<u>(730,370)</u>	<u>845,100</u>	<u>114,730</u>
<i>Net Change in Fund Balance</i>	2,482,239	197,429	2,679,668
<i>Fund Balances Beginning of Year (Restated, See Note 2)</i>	<u>15,198,509</u>	<u>6,286,981</u>	<u>21,485,490</u>
<i>Fund Balances End of Year</i>	<u>\$ 17,680,748</u>	<u>\$ 6,484,410</u>	<u>\$ 24,165,158</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, 2020*

Net Change in Fund Balances - Total Governmental Funds	\$	2,679,668
 <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 cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 387,383	
Current Year Depreciation	<u>(1,069,494)</u>	(682,111)
 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(37,581)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	474,947	
Accounts	414	
Intergovernmental	<u>49,304</u>	524,665
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	440,000	
Capital Leases	<u>109,900</u>	549,900
 Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(107,974)
 Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension expense in the statement of activities.		
Pension	(3,185,082)	
OPEB	<u>575,714</u>	(2,609,368)
 Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,711,707	
OPEB	<u>29,609</u>	1,741,316
 In the statement of activities, interest is accrued on outstanding borrowings, premium and gain/loss on refunding are amortized over the term of the borrowing. whereas in governmental funds, an interest expenditure is reported when the borrowing are issued.		
Amortization of Refunding Loss		(60,331)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.		
		80,258
 Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(194,814)</u>
 <i>Change in Net Position of Governmental Activities</i>	 \$	 <u><u>1,883,628</u></u>

See accompanying notes to the basic financial statements.

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

*Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources	\$ 20,446,292	\$ 20,446,292	\$ 20,702,987	\$ 256,695
Expenditures and Other Financing Uses	<u>18,962,394</u>	<u>19,662,394</u>	<u>19,186,120</u>	<u>476,274</u>
Net Change in Fund Balance	1,483,898	783,898	1,516,867	732,969
<i>Fund Balance Beginning of Year</i>	14,949,515	14,949,515	14,949,515	0
Prior Year Encumbrances Appropriated	<u>245,412</u>	<u>245,412</u>	<u>245,412</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 16,678,825</u>	<u>\$ 15,978,825</u>	<u>\$ 16,711,794</u>	<u>\$ 732,969</u>

See accompanying notes to the basic financial statements.

Pioneer Career and Technology Center
Richland County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents with Fiscal Agent	<u>\$ 2,058,752</u>
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	433,623
Unearned Revenue	<u>314,934</u>
<i>Total Liabilities</i>	<u>748,557</u>
Net Position	
Unrestricted	<u>1,310,195</u>
<i>Total Net Position</i>	<u><u>\$ 1,310,195</u></u>

See accompanying notes to the basic financial statements.

Pioneer Career and Technology Center
Richland County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Charges for Services	\$ 3,487,921
Other	272,400
<i>Total Operating Revenues</i>	<u>3,760,321</u>
Operating Expenses	
Purchased Services	846,958
Claims	2,876,881
Other	770
<i>Total Operating Expenses</i>	<u>3,724,609</u>
<i>Operating Income (Loss)</i>	<u>35,712</u>
Non-Operating Revenues (Expenses)	
Interest	<u>44,546</u>
<i>Change in Net Position</i>	80,258
<i>Net Position Beginning of Year</i>	<u>1,229,937</u>
<i>Net Position End of Year</i>	<u><u>\$ 1,310,195</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, 2020

	Governmental Activities - Internal Service Fund
<hr/>	
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 3,516,042
Other Cash Receipts	272,400
Cash Paid for Goods and Services	(846,958)
Cash Paid for Claims	(2,606,296)
Other Cash Payments	(770)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>334,418</u>
 Cash Flows From Investing Activities	
Interest on Investments	<u>44,546</u>
 <i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	378,964
 <i>Cash and Cash Equivalents, Beginning of Year</i>	<u>1,679,788</u>
 <i>Cash and Cash Equivalents, End of Year</i>	<u><u>\$ 2,058,752</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ 35,712
Increase (Decrease) in Liabilities/Deferred Inflows of Resources:	
Unearned Revenue	28,121
Claims Payable	270,585
<i>Total Adjustments</i>	<u>298,706</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ 334,418</u></u>

See accompanying notes to the basic financial statements.

Pioneer Career and Technology Center
Richland County, Ohio
Statement of Fiduciary Net Position
Custodial Funds
June 30, 2020

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 818,986</u>
Liabilities	
Accounts Payable	<u>38,485</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	<u>780,501</u>
<i>Total Net Position</i>	<u><u>\$ 780,501</u></u>

See accompanying notes to the basic financial statements.

Pioneer Career and Technology Center
Richland County, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2020

	Custodial
Additions	
Amounts Received as Fiscal Agent	\$ 3,244,403
Amounts Received for Others	4,097
<i>Total Additions</i>	3,248,500
Deductions	
Distributions as Fiscal Agent	3,416,598
Distributions to Individuals	4,097
<i>Total Deductions</i>	3,420,695
 <i>Change in Net Position</i>	 (172,195)
 <i>Net Position Beginning of Year (Restated, See Note 2)</i>	 952,696
 <i>Net Position End of Year</i>	 \$ 780,501

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, 2020*

NOTE 1: DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District’s primary missions are to provide students with job training to lead to the students’ employment upon graduation from high school, and/or college preparation to lead to higher education attainment. The District includes 14 member 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.

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

The District participates in one jointly governed organization and three public entity risk pools. These organizations are the Heartland Council of Governments/North Central Ohio Computer Cooperative, the Schools of Ohio Risk Sharing Authority, the Jefferson Health Plan and a Workers’ Compensation Group Retrospective Rating Program. These organizations are discussed in Notes 16 and 17 to the basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

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

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

B. Fund Accounting

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

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial 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 fiduciary funds are custodial funds, which account for an enhancement fund, and the Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG"). See Note 16 for additional information.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

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

The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of changes in fiduciary net position reports additions to and deductions from custodial funds.

D. Basis of Accounting

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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Notes to the Basic Financial Statements (Continued)
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Deferred Inflows of Resources and Deferred Outflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue may include delinquent property taxes, grants and entitlements, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. See Notes 10 & 11).

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

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

The District has cash with a trustee equal to reserve requirements as required by their Certificates of Participation (COPs). These amounts are reported on the financial statements as "cash and cash equivalents with trustee."

The District holds cash relating to their Ohio Facilities Construction Commission project in the Classroom Facilities fund. These funds are presented on the financial statements as "cash and cash equivalents in segregated accounts."

During fiscal year 2020, investments were limited to STAR Ohio, money market, negotiable certificates of deposit, federal agency securities and commercial paper.

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

During the year 2020, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$480,808, which includes \$124,530 assigned from other District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are reported as cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

G. Inventory

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

H. Capital Assets

All capital assets of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District has a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not.

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

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

I. Compensated Absences

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

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

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

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Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

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

J. Pensions and Other Postemployment Benefits (OPEB)

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

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 proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are accrued as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Unearned Revenue

Unearned Revenue reported on the statement of net position and the statement of fund net position for the internal service fund represents early payments received for self-insurance funding for July 2020.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2020, there was no net position restricted by enabling legislation.

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

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Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

N. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

O. Interfund Activity

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

P. Operating Revenues and Expenses

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

Q. Estimates

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

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 2020.

S. Implementation of New Accounting Principles and Restatement of Net Position/Fund Balances

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2020, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the District early implemented GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92 *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

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For the Fiscal Year Ended June 30, 2020

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the District's financial statements (see below).

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

Restatement of Net Position/Fund Balances

The implementation of GASB 84 had the following effect on net position as reported June 30, 2019:

	Governmental Activities
Net Position, June 30, 2019	\$ 19,277,086
GASB Statement No. 84	282,120
Restated Net Position, June 30, 2019	\$ 19,559,206

The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2019:

	General	Other Governmental Funds
Fund Balance, June 30, 2019	\$ 15,198,509	\$ 6,004,861
GASB Statement No. 84	0	282,120
Restated Fund Balance, June 30, 2019	\$ 15,198,509	\$ 6,286,981

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2019:

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Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

	Fiduciary Funds		
	Private Purpose		
	Trust	Agency	Custodial
Net Position, June 30, 2019	\$ 242,268	\$ 0	\$ 0
Adjustments:			
Assets	(242,268)	(1,028,549)	952,696
Liabilities	0	1,028,549	0
Restated Net Position, June 30, 2019	\$ 0	\$ 0	\$ 952,696

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

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

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

Net Change in Fund Balance	
GAAP Basis	\$ 2,482,239
Net Adjustment for Revenue Accruals	(187,231)
Net Adjustment for Expenditure Accruals	(394,054)
Funds Budgeted Elsewhere	(102,428)
Adjustment for Encumbrances	(281,659)
Budget Basis	\$ 1,516,867

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
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NOTE 4: DEPOSITS AND INVESTMENTS

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

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

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

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

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

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7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

Deposits - At year-end, \$7,247,090 of the District's bank balance of \$10,158,725 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Funds Held by Fiscal Agent

The District participates in the Jefferson Health Plan for employee benefits. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium.

Cash with Trustee

At June 30, 2020, the District had cash with a trustee equal to reserve requirements as required by certificates of participation issued during fiscal year 2009. This amount is recorded in the debt service fund (a nonmajor governmental fund) and is reported as "cash and cash equivalents with trustee" on the basic financial statements.

Funds Held in Segregated Accounts

The funds for the local portion of the OFCC building project are maintained separately from the District's deposits. The carrying amount of the deposits is reported as "Cash in Segregated Accounts."

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2020, the District had the following investments and maturities:

Ratings	Investment	Measurement Amount	Investment Maturities in Months			% Total
			0-12	13-36	Over 36	
Net Asset Value (NAV):						
N/A	STAR Ohio	\$ 8,462,163	\$ 8,462,163	\$ 0	\$ 0	56.81%
AAAm	Money Market	341,536	341,536	0	0	2.29%
Fair Value:						
N/A	Negotiable Certificates of Deposit	3,591,410	805,105	2,427,770	358,536	24.11%
A-1	Commercial Paper	1,219,802	1,219,802	0	0	8.19%
A-1	Federal Farm Credit Bank	249,794	0	0	249,794	1.68%
AA+	Federal Home Loan Bank	580,314	0	105,190	475,123	3.90%
AAAm	Federal Home Loan Mortgage	450,171	0	0	450,171	3.02%
	Total	<u>\$ 14,895,190</u>	<u>\$ 10,828,606</u>	<u>\$ 2,532,960</u>	<u>\$ 1,533,624</u>	<u>100.00%</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2020. The District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy is to follow State statute which is to invest funds with the highest interest rate bid.

Credit Risk STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2020, is 42 days. The District has no investment policy that would further limit its investment choices.

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

NOTE 5: PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Huron, Crawford, Ashland, Wyandot, Morrow, Richland, Marion and Seneca Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 2,244,329,400	89%	\$ 2,238,450,510	78%
Public Utility Personal Property	271,870,030	11%	640,834,640	22%
Total	<u>\$ 2,516,199,430</u>	<u>100%</u>	<u>\$ 2,879,285,150</u>	<u>100%</u>
Full Tax Rate per \$1,000 of assessed valuation	<u>\$ 3.70</u>		<u>\$ 3.70</u>	

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

NOTE 6: RECEIVABLES

Receivables at June 30, 2020 consisted of taxes, accounts (billings for user charged services and student fees), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current fiscal year guarantee of Federal funds.

NOTE 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
Governmental Activities				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 25,000	\$ 0	\$ 0	\$ 25,000
<i>Capital Assets, being depreciated:</i>				
Building and Improvements	33,493,155	93,426	0	33,586,581
Furniture and Equipment	6,246,618	271,607	(234,784)	6,283,441
Vehicles	672,237	22,350	(10,750)	683,837
<i>Total Capital Assets, being depreciated</i>	<u>40,412,010</u>	<u>387,383</u>	<u>(245,534)</u>	<u>40,553,859</u>
<i>Less Accumulated Depreciation:</i>				
Building and Improvements	(8,104,290)	(592,008)	0	(8,696,298)
Furniture and Equipment	(3,703,968)	(421,159)	197,203	(3,927,924)
Vehicles	(552,814)	(56,327)	10,750	(598,391)
<i>Total Accumulated Depreciation</i>	<u>(12,361,072)</u>	<u>(1,069,494) *</u>	<u>207,953</u>	<u>(13,222,613)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>28,050,938</u>	<u>(682,111)</u>	<u>(37,581)</u>	<u>27,331,246</u>
<i>Governmental Activities Capital Assets, net</i>	<u>\$ 28,075,938</u>	<u>\$ (682,111)</u>	<u>\$ (37,581)</u>	<u>\$ 27,356,246</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 45,490
Special	10,948
Vocational	701,243
Adult/Continuing	4,062
Support Services:	
Pupil	4,508
Administration	63,098
Fiscal	1,611
Operation and Maintenance of Plant	89,573
Central	31,174
Food Service	81,047
Extracurricular Activities	36,740
Total Depreciation Expense	<u>\$ 1,069,494</u>

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

NOTE 8: RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for general liability, school board legal liability, employee benefits liability, auto liability, property, crime coverage, and cyber liability coverage. General liability has a \$15,000,000 per occurrence (no deductible), \$17,000,000 aggregate limit. Crime coverage is also provided with a limit of \$1,000,000 for public employee dishonesty, forgery, computer fraud and money and securities with a \$1,000 deductible. The \$1,000,000 crime limit applies separately to each line of crime coverage.

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

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

B. Workers' Compensation

The District participates in a Workers' Compensation Group Experience Rating Program (GRRP). This program allows both public and private employers with better-than-average claim histories to join together through a sponsoring organization. Each employer in the group is then rated as one. By participating in group-experience rating, employers potentially may enjoy much lower premium rates than they could attain on their own. An employer's workers' comp coverage is still through BWC; however, BWC does not form the groups. Eligibility requirements include being current on all undisputed premiums, administrative costs, assessments, fines or monies otherwise due to BWC, being current not more than 45 days past the due date on any balance greater than \$200 due to BWC, by the application deadline, being current on the payment schedule for any scheduled part-pay agreement you've entered into to pay premiums or assessments otherwise due BWC as of the application deadline, and no cumulative lapses in workers' comp coverage in excess of 40 days in the past 12 months preceding the application deadline. Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the Pioneer.

C. Employee Health Insurance

The District has elected to provide employee medical/surgical benefits through a self-insured program, which is administered through The Jefferson Health Plan. The District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical/surgical plan, with a \$150 single and \$300 family deductible per year. The plan also provides dental and vision care. The third-party administrator reviews and pays all claims. The administrator purchases stop-loss coverage of \$50,000 per claim. The District pays into the self-insurance internal service fund, on a per-month basis, \$1,985 for family health coverage, \$737 for individual health coverage, \$111 for family and individual dental coverage, \$15 for family vision coverage, and \$7 for individual vision coverage. The employee is responsible for contributing 12 percent of the health coverage premiums, and the Board of Education is responsible for paying the remainder. Premiums are charged to the fund that pays the salary for the employee.

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

The claims liability of \$433,623 reported at June 30, 2020 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported.

Changes in the fund's claim liability for 2019 and 2020 are listed below.

		Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2019	\$	184,305	\$ 3,910,020	\$ 3,931,287	\$ 163,038
2020		163,038	2,876,881	2,606,296	433,623

NOTE 9: OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and state laws. All employees earn three days of personal leave per year.

Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Vacation days may accumulate equal to two years of vacation. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

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

Employees retiring with a minimum of three years of service with the District will be paid for one-third of accumulated, unused sick leave credit, not to exceed 75 days. Upon completion of ten or more years of service to the District, and first year eligible (according to the appropriate retirement system rules) retirement from the profession, payment is made for one-half of accumulated, unused sick leave credit with no cap.

B. Life Insurance

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

NOTE 10: DEFINED BENEFIT PENSION PLANS

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The District’s contractually required contribution to SERS was \$420,179 for fiscal year 2020. Of this amount, \$5,718 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

The District's contractually required contribution to STRS was \$1,291,528 for fiscal year 2020. Of this amount, \$170,053 is reported as an intergovernmental payable.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.08721450%	0.07752947%	
Prior Measurement Date	0.08941140%	0.07664719%	
Change in Proportionate Share	<u>-0.00219690%</u>	<u>0.00088228%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 5,218,196	\$ 17,145,176	\$ 22,363,372
Pension Expense	\$ 642,488	\$ 2,542,594	\$ 3,185,082

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 132,324	\$ 139,593	\$ 271,917
Changes of Assumptions	0	2,014,032	2,014,032
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	16,855	423,004	439,859
District Contributions Subsequent to the			
Measurement Date	420,179	1,291,528	1,711,707
Total Deferred Outflows of Resources	<u>\$ 569,358</u>	<u>\$ 3,868,157</u>	<u>\$ 4,437,515</u>

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 0	\$ 74,218	\$ 74,218
Net Difference between Projected and Actual Earnings on Pension Plan Investments	66,985	837,965	904,950
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	192,067	19,179	211,246
Total Deferred Inflows of Resources	<u>\$ 259,052</u>	<u>\$ 931,362</u>	<u>\$ 1,190,414</u>

\$1,711,707 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$ (3,981)	\$ 1,186,920	\$ 1,182,939
2022	(139,420)	351,177	211,757
2023	(4,458)	(28,317)	(32,775)
2024	37,986	135,487	173,473
	<u>\$ (109,873)</u>	<u>\$ 1,645,267</u>	<u>\$ 1,535,394</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 7,312,559	\$ 5,218,196	\$ 3,461,812

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table represents the District's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 25,055,766	\$ 17,145,176	\$ 10,448,458

NOTE 11: DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$29,609, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.08481000%	0.07752900%	
Prior Measurement Date	0.08878200%	0.07664700%	
Change in Proportionate Share	<u>-0.00397200%</u>	<u>0.00088200%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 2,132,786	\$ (1,284,066)	
OPEB Expense	\$ (255,301)	\$ (320,413)	\$ (575,714)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 31,308	\$ 116,409	\$ 147,717
Net Difference between Projected and			
Actual Earnings on OPEB Plan Investments	5,121	0	5,121
Changes of Assumptions	155,777	26,991	182,768
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	47,168	77,926	125,094
District Contributions Subsequent to the			
Measurement Date	29,609	0	29,609
Total Deferred Outflows of Resources	<u>\$ 268,983</u>	<u>\$ 221,326</u>	<u>\$ 490,309</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 468,560	\$ 65,328	\$ 533,888
Net Difference between Projected and			
Actual Earnings on OPEB Plan Investments	0	80,647	80,647
Changes of Assumptions	119,514	1,407,829	1,527,343
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	170,184	51,264	221,448
Total Deferred Inflows of Resources	<u>\$ 758,258</u>	<u>\$ 1,605,068</u>	<u>\$ 2,363,326</u>

\$29,609 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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For the Fiscal Year Ended June 30, 2020

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$ (189,610)	\$ (299,534)	\$ (489,144)
2022	(72,923)	(299,533)	(372,456)
2023	(71,420)	(267,210)	(338,630)
2024	(71,667)	(255,875)	(327,542)
2025	(75,973)	(256,741)	(332,714)
Thereafter	(37,291)	(4,849)	(42,140)
	<u>\$ (518,884)</u>	<u>\$ (1,383,742)</u>	<u>\$ (1,902,626)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

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Notes to the Basic Financial Statements (Continued)
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Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 2,588,806	\$ 2,132,786	\$ 1,770,209

	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 1,708,799	\$ 2,132,786	\$ 2,695,330

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

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

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

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The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,095,695)	\$ (1,284,066)	\$ (1,442,443)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,456,072)	\$ (1,284,066)	\$ (1,073,401)

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Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
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NOTE 12: INTERFUND TRANSFERS

A. Interfund Transfers

Transfers made during fiscal year 2020 were as follows:

Funds	Transfer In	Transfer Out
General Fund	\$ 0	\$ 845,100
Nonmajor Governmental Funds		
Permanent Improvement Fund	400,000	0
Classroom Facilities Maintenance Fund	425,360	0
Public School Preschool	9,566	0
Carl D. Perkins Vocational Education	10,174	0
	\$ 845,100	\$ 845,100

The general fund transferred to the permanent improvement fund for capital improvements. The transfer from the general fund to the classroom facilities maintenance fund was made in order to comply with the District's agreement with the Ohio Facilities Construction Commission, which requires the District to annually contribute to the classroom facilities maintenance fund (a nonmajor governmental fund). The transfer to the public school preschool and Carl D. Perkins vocational education funds were to provide additional resources for current operations.

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

B. Interfund Balances

Interfund receivable/payable at June 30, 2020 consisted of the following:

Funds	Interfund Receivable	Interfund Payable
General Fund	\$ 108,656	\$ 0
Nonmajor Governmental Funds	0	108,656
	\$ 108,656	\$ 108,656

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2020, all interfund loans outstanding are anticipated to be repaid in fiscal year 2021.

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NOTE 13: LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the fiscal year 2020 were as follows:

	Balance 6/30/2019	Additions	Deductions	Balance 6/30/2020	Due Within One Year
<i>Governmental Activities:</i>					
<i>Loans from Direct Borrowing:</i>					
Certificates of Participation 2008	\$ 980,000	\$ 0	\$ (315,000)	\$ 665,000	\$ 325,000
Certificates of Participation 2015	9,365,000	0	(125,000)	9,240,000	410,000
<i>Total Loans from Direct Borrowing</i>	<u>10,345,000</u>	<u>0</u>	<u>(440,000)</u>	<u>9,905,000</u>	<u>735,000</u>
<i>Post Employment Liability</i>					
Net Pension Liability	21,973,752	389,620	0	22,363,372	0
Net OPEB Liability	2,463,047	0	(330,261)	2,132,786	0
<i>Total Post Employment Liability</i>	<u>24,436,799</u>	<u>389,620</u>	<u>(330,261)</u>	<u>24,496,158</u>	<u>0</u>
<i>Other Long-Term Obligations:</i>					
Capital Lease	246,208	107,974	(109,900)	244,282	65,505
Compensated Absences	1,139,965	416,278	(221,464)	1,334,779	299,820
<i>Total Other Long-Term Obligations</i>	<u>1,386,173</u>	<u>524,252</u>	<u>(331,364)</u>	<u>1,579,061</u>	<u>365,325</u>
<i>Total General Long-Term Obligations</i>	<u>\$ 36,167,972</u>	<u>\$ 913,872</u>	<u>\$(1,101,625)</u>	<u>\$ 35,980,219</u>	<u>\$ 1,100,325</u>

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

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

In the event of default for either COP, the amounts payable by the District may become due. If payments are not made, the lessor may retake possession of the project (secured asset), including but not limited to equipment and furniture. Additionally, the lessor has the option to sublease the project facilities, holding the District liable for all lease payments and other payments due prior to the effective date of the sublease and for the difference between the rental and other amounts paid by the subleases pursuant to such sublease and the amounts payable by the District pursuant to the lease during the then current lease term.

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

Pioneer Career and Technology Center
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Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2020 are as follows:

Fiscal Year Ending June 30	Certificates of Participation	
	Principal	Interest
2021	\$ 735,000	\$ 332,973
2022	765,000	305,689
2023	435,000	285,139
2024	455,000	269,514
2025	470,000	251,014
2026-2030	2,605,000	1,012,664
2031-2035	3,055,000	538,252
2036-2037	1,385,000	52,235
	<u>\$ 9,905,000</u>	<u>\$ 3,047,480</u>

NOTE 14: CAPITAL LEASE – LESSEE DISCLOSURE

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

Capital assets consisting of copiers and a mailing machine have been capitalized in the amount of \$355,818. This amount approximately represents the present value of the minimum lease payments at the time of acquisition. As of June 30, 2020, accumulated depreciation was \$115,077, resulting in a net carrying value of \$240,741. A liability is recorded in the government-wide financial statements equal to the present value of the future minimum lease payments. Principal payments are paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2020.

	Capital Leases
For Fiscal Year Ending June 30,	
2021	\$ 84,192
2022	81,541
2023	77,020
2024	29,259
2025	13,469
Total	285,481
Less: Amount Representing Interest	(41,199)
Present Value of Net Minimum Lease Payments	\$ 244,282

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

NOTE 15: SET-ASIDES

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

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

	Capital Improvement Reserve
Set-aside Reserve Balance as of June 30, 2019	\$ 0
Current Year Set Aside Requirement	250,944
Current Year Offsets	(400,000)
Total	\$ (149,056)
Balance Carried Forward to Fiscal Year 2021	\$ 0
Set-aside Reserve Balance as of June 30, 2020	\$ 0

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

NOTE 16: JOINTLY GOVERNED ORGANIZATION

Heartland Council of Governments/North Central Ohio Computer Cooperative (the “COG”) The COG is a jointly governed organization among public Districts, community schools, 1 educational service center, and 1 career center. The COG is an association of public 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 Districts. Each member 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 Districts. The degree of control exercised by any District is limited to its representation on the Cooperative Assembly. During fiscal year 2020, the District paid \$265,152 to the COG for various services. The District serves as fiscal agent for the COG, and financial activity for fiscal year 2020 is reported in the basic financial statements as a custodial fund.

**Pioneer Career and Technology Center
Richland County, Ohio**
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

NOTE 17: PUBLIC ENTITY RISK POOLS

A. Risk Sharing Pools

Schools of Ohio Risk Sharing Authority

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

The Jefferson Health Plan

The District participates in The Jefferson Health Plan (the "Plan"), a council of governments of Districts and other political subdivisions organized and existing as a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code to provide healthcare and related insurance benefits to 112 member organizations. The Plan's business affairs are conducted by a Board of Directors elected from member organizations and composed of one representative from each county served and a career center representative. Each member organization pays a monthly premium based on its claims history and a monthly administration fee.

B. Insurance Purchasing Pool

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

NOTE 18: CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

B. Litigation

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

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

C. District Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

NOTE 19: FUND BALANCE

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

	General	Other Governmental Funds	Total
Nonspendable for:			
Unclaimed Funds	\$ 23,355	\$ 0	\$ 23,355
Restricted for:			
Debt Service	0	722,846	722,846
Capital Projects	0	1,441,228	1,441,228
Classroom Facilities Maintenance	0	2,413,015	2,413,015
Adult Education	0	244,034	244,034
Students	0	290,924	290,924
Other Purposes	0	187,994	187,994
Total Restricted	<u>0</u>	<u>5,300,041</u>	<u>5,300,041</u>
Committed for:			
Capital Projects	0	293,013	293,013
Student Activities	0	89,056	89,056
Total Committed	<u>0</u>	<u>382,069</u>	<u>382,069</u>
Assigned for:			
Instruction	187,081	0	187,081
Support Services	82,299	0	82,299
Extracurricular Activities	215	0	215
Other Purposes	527,572	877,150	1,404,722
Subsequent Year Appropriations	345,666	0	345,666
Total Assigned	<u>1,142,833</u>	<u>877,150</u>	<u>2,019,983</u>
Unassigned	16,514,560	(74,850) *	16,439,710
Total Fund Balance	<u>\$ 17,680,748</u>	<u>\$ 6,484,410</u>	<u>\$ 24,165,158</u>

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2020

*The Food Service fund and Carl Perkins grant fund had deficit fund balances of \$69,556 and \$5,294, respectively. Deficits in the nonmajor governmental fund resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and will provide transfers when cash is required, not when accruals occur.

NOTE 20: COMMITMENTS

A. Encumbrance Commitments

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At fiscal year end, the District's commitments for encumbrances in the General Fund were \$273,784 and \$298,103 in the Other Governmental funds.

NOTE 21: SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the District's five-year forecast by lowering the expected salary increase from 2% to 1% for the three years of the new contract. In addition, due to the dynamic environment and changes in fiscal policies, the exact impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

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

	2020	2019	2018	2017	2016	2015	2014
<i>School Employees Retirement System (SERS)</i>							
District's Proportion of the Net Pension Liability	0.08721450%	0.08941140%	0.08805130%	0.09812780%	0.09704770%	0.10109600%	0.10109600%
District's Proportionate Share of the Net Pension Liability	\$ 5,218,196	\$ 5,120,756	\$ 5,260,871	\$ 7,182,050	\$ 5,537,636	\$ 5,116,411	\$ 6,011,855
District's Covered Payroll	\$ 2,992,007	\$ 2,932,452	\$ 3,131,200	\$ 3,051,471	\$ 2,923,050	\$ 2,988,312	\$ 2,745,484
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.40%	174.62%	168.01%	235.36%	189.45%	171.21%	218.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
<i>State Teachers Retirement System (STRS)</i>							
District's Proportion of the Net Pension Liability	0.07752947%	0.07664719%	0.07508419%	0.07405316%	0.07447653%	0.07443163%	0.07443163%
District's Proportionate Share of the Net Pension Liability	\$ 17,145,176	\$ 16,852,996	\$ 17,836,410	\$ 24,787,825	\$20,583,134	\$18,104,348	\$ 21,565,781
District's Covered Payroll	\$ 9,179,543	\$ 8,755,436	\$ 8,221,464	\$ 7,964,650	\$ 7,878,943	\$ 7,703,738	\$ 8,386,423
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.78%	192.49%	216.95%	311.22%	261.24%	235.01%	257.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 420,179	\$ 403,921	\$ 395,881	\$ 438,368
Contributions in Relation to the Contractually Required Contribution	<u>(420,179)</u>	<u>(403,921)</u>	<u>(395,881)</u>	<u>(438,368)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 3,112,437	\$ 2,992,007	\$ 2,932,452	\$ 3,131,200
Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 1,291,528	\$ 1,285,136	\$ 1,225,761	\$ 1,151,005
Contributions in Relation to the Contractually Required Contribution	<u>(1,291,528)</u>	<u>(1,285,136)</u>	<u>(1,225,761)</u>	<u>(1,151,005)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 9,225,200	\$ 9,179,543	\$ 8,755,436	\$ 8,221,464
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 427,206	\$ 385,258	\$ 414,180	\$ 379,975	\$ 370,036	\$ 332,385
<u>(427,206)</u>	<u>(385,258)</u>	<u>(414,180)</u>	<u>(379,975)</u>	<u>(370,036)</u>	<u>(332,385)</u>
<u>\$ 0</u>					
\$ 3,051,471	\$ 2,923,050	\$ 2,988,312	\$ 2,745,484	\$ 2,751,197	\$ 2,644,272
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$ 1,115,051	\$ 1,103,052	\$ 1,001,486	\$ 1,090,235	\$ 1,109,545	\$ 1,128,261
<u>(1,115,051)</u>	<u>(1,103,052)</u>	<u>(1,001,486)</u>	<u>(1,090,235)</u>	<u>(1,109,545)</u>	<u>(1,128,261)</u>
<u>\$ 0</u>					
\$ 7,964,650	\$ 7,878,943	\$ 7,703,738	\$ 8,386,423	\$ 8,534,962	\$ 8,678,931
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>				
District's Proportion of the Net OPEB Liability	0.08481000%	0.08878180%	0.08661180%	0.09633616%
District's Proportionate Share of the Net OPEB Liability	\$ 2,132,786	\$ 2,463,047	\$ 2,324,433	\$ 2,745,937
District's Covered Payroll	\$ 2,992,007	\$ 2,932,452	\$ 3,131,200	\$ 3,051,471
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	71.28%	83.99%	74.23%	89.99%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>				
District's Proportion of the Net OPEB Liability/(Asset)	0.07752900%	0.07664719%	0.07508419%	0.07405316%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,284,066)	\$ (1,231,642)	\$ 2,929,508	\$ 3,960,382
District's Covered Payroll	\$ 9,179,543	\$ 8,755,436	\$ 8,221,464	\$ 7,964,650
District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-13.99%	-14.07%	35.63%	49.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 29,609	\$ 54,370	\$ 61,052	\$ 35,422
Contributions in Relation to the Contractually Required Contribution	<u>(29,609)</u>	<u>(54,370)</u>	<u>(61,052)</u>	<u>(35,422)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 3,112,437	\$ 2,992,007	\$ 2,932,452	\$ 3,131,200
OPEB Contributions as a Percentage of Covered Payroll (1)	0.95%	1.82%	2.08%	1.13%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution (1)	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$9,225,200	\$ 9,179,543	\$ 8,755,436	\$ 8,221,464
OPEB Contributions as a Percentage of Covered Payroll (1)	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 35,422	\$ 56,350	\$ 41,438	\$ 42,609	\$ 68,073	\$ 90,466
<u>(35,422)</u>	<u>(56,350)</u>	<u>(41,438)</u>	<u>(42,609)</u>	<u>(68,073)</u>	<u>(90,466)</u>
<u>\$ 0</u>					
\$ 3,051,471	\$ 2,923,050	\$ 2,988,312	\$ 2,745,484	\$ 2,751,197	\$ 2,644,272
1.16%	1.93%	1.39%	1.55%	2.47%	3.42%
\$ 0	\$ 0	\$ 77,037	\$ 83,864	\$ 85,350	\$ 86,789
<u>0</u>	<u>0</u>	<u>(77,037)</u>	<u>(83,864)</u>	<u>(85,350)</u>	<u>(86,789)</u>
<u>\$ 0</u>					
\$ 7,964,650	\$ 7,878,943	\$ 7,703,738	\$ 8,386,423	\$ 8,534,962	\$ 8,678,931
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Note 2 - Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Pioneer Career and Technology Center
Richland County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Changes in Benefit Terms – STRS

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

October 21, 2020

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pioneer Career and Technology Center, Richland County, Ohio (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2020, in which we noted the District restated beginning net position and fund balances to account for the implementation of GASB Statement No. 84, *Fiduciary Activities* and referred to the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hea & Associates, Inc.

Medina, Ohio

OHIO AUDITOR OF STATE KEITH FABER



PIONEER CAREER AND TECHNOLOGY CENTER

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/15/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov