

# **Pioneer Career & Technology Center** **Richland County, Ohio**

*Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2012





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Pioneer Career and Technology Center, Richland County, prepared by Rea & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

March 11, 2013



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

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JUNE 30, 2012

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December 28, 2012

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

### **Independent Auditor's Report**

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 School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 School District, as of June 30, 2012, and the respective changes in financial position and the cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the School District restated net assets to reflect the elimination of capital assets previously reported that are owned by an entity the School District is a fiscal agent for and fund balances to correct a transfer incorrectly reported in the prior year.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Rea & Associates, Inc.*



**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The management's discussion and analysis of the Pioneer Career and Technology Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- The District restated net assets at June 30, 2011, as described in Note 3.B to the basic financial statements. In total, net assets of governmental activities decreased \$951,304, which represents a 2.37% decrease from fiscal year 2011.
- General revenues accounted for \$14,571,888 in revenue or 83.33% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,915,913 or 16.67% of total revenues of \$17,487,801.
- The District had \$18,439,105 in expenses related to governmental activities; only \$2,915,913 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,571,888 were not adequate to provide for these programs.
- The District's major governmental funds consist of the general fund and the classroom facilities fund. The District restated fund balances at June 30, 2011, as described in Note 3.B to the basic financial statements. The general fund had \$15,698,806 in revenues and other financing sources and \$16,588,535 in expenditures and other financing uses. The general fund had a decrease in the reserve for inventory of \$3,221. During fiscal year 2012, the general fund's fund balance decreased \$892,950 from \$10,282,110 to \$9,389,160.
- The classroom facilities fund had \$1,735,046 in revenues and \$6,809,686 in expenditures. During fiscal year 2012, the classroom facilities fund's fund balance decreased \$5,074,640 from \$9,276,393 to \$4,201,753.

**Using the Basic Financial Statements**

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

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The statement of net assets and the statement of activities answer this question. These statements include *all (non-fiduciary) assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, and extracurricular activities.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

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

***Fund Financial Statements***

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

***Governmental Funds***

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

***Proprietary Fund***

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-55 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole.

The District restated net assets at June 30, 2011, as described in Note 3.B to the basic financial statements. The table below provides a summary of the District's net assets at June 30, 2012, and June 30, 2011.

	<b>Net Assets</b>	
	Governmental Activities	(Restated) Governmental Activities
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 24,115,051	\$ 34,181,550
Capital assets, net	<u>32,760,408</u>	<u>25,700,186</u>
Total assets	<u>56,875,459</u>	<u>59,881,736</u>
<b><u>Liabilities</u></b>		
Current liabilities	4,966,855	6,695,501
Long-term liabilities	<u>12,801,306</u>	<u>13,127,633</u>
Total liabilities	<u>17,768,161</u>	<u>19,823,134</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	21,492,574	20,032,473
Restricted	4,697,866	5,266,993
Unrestricted	<u>12,916,858</u>	<u>14,759,136</u>
Total net assets	<u>\$ 39,107,298</u>	<u>\$ 40,058,602</u>

The decrease in current and other assets during fiscal year 2012 is mainly due to the spending of funds related to the District's Ohio School Facilities Commission (OSFC) construction project, which is substantially offset by the resulting increase in capital assets. The decrease in current liabilities is also attributable to reduction of contracts payable related to the OSFC project since substantially complete as of June 30, 2012.

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$39,107,298. At year-end, unrestricted net assets were \$12,916,858.

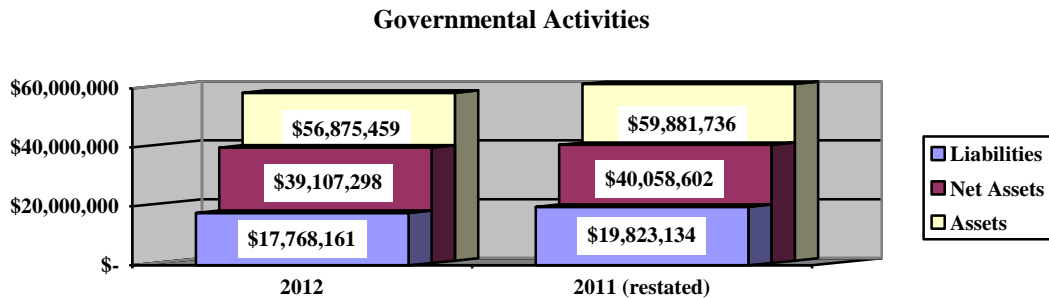
**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

At year-end, capital assets represented 57.60% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$21,492,574. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$4,697,866, represents resources that are subject to external restriction on how they may be used. Of this amount, \$3,345,090 is restricted for capital projects. The remaining balance of unrestricted net assets of \$12,916,858 may be used to meet the District's ongoing obligations to the students and creditors.

The District restated net assets at June 30, 2011, as described in Note 3.B to the basic financial statements. The graph below presents the District's governmental assets at June 30, 2012, and June 30, 2011.



The District restated net assets at June 30, 2011, as described in Note 3.B to the basic financial statements. The table below shows the change in net assets for fiscal years 2012 and 2011.

	Change in Net Assets	
	Governmental Activities 2012	(Restated) Governmental Activities 2011
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 847,851	\$ 956,065
Operating grants and contributions	2,068,062	1,945,634
General revenues:		
Property taxes	4,138,498	4,027,470
Grants and entitlements not restricted	9,852,133	10,583,508
Grants and entitlements restricted	268,445	-
Investment earnings	118,025	197,505
Miscellaneous	194,787	135,634
Total revenues	<u>17,487,801</u>	<u>17,845,816</u>

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Change in Net Assets</b>	
	Governmental	(Restated) Governmental
	Activities	Activities
	<u>2012</u>	<u>2011</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 909,329	\$ 922,295
Special	514,192	552,380
Vocational	9,738,495	9,819,849
Adult	364,338	388,076
Support services:		
Pupil	1,181,163	1,216,093
Instructional staff	1,309,846	1,286,788
Board of education	86,592	94,719
Administration	1,097,400	1,216,463
Fiscal	482,924	488,379
Business	188,764	189,630
Operations and maintenance	1,143,534	1,194,671
Pupil transportation	2,189	1,974
Central	255,917	96,891
Operation of non-instructional services:		
Other non-instructional services	69	131
Food service operations	481,442	431,717
Extracurricular activities	99,979	86,356
Interest and fiscal charges	582,932	591,910
Total expenses	<u>18,439,105</u>	<u>18,578,322</u>
Change in net assets	(951,304)	(732,506)
Net assets at beginning of year (restated)	<u>40,058,602</u>	<u>40,791,108</u>
Net assets at end of year	<u>\$ 39,107,298</u>	<u>\$ 40,058,602</u>

**Governmental Activities**

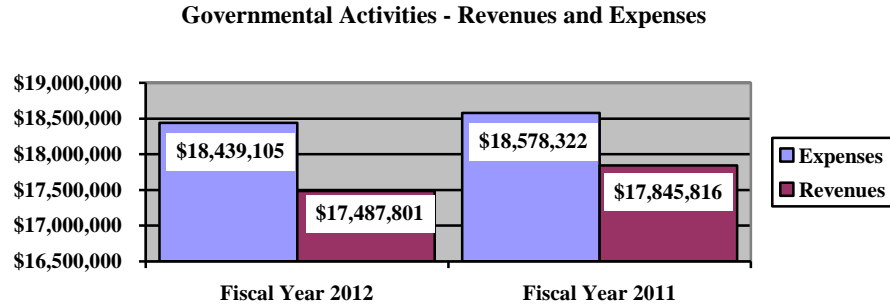
Net assets of the District's governmental activities decreased \$951,304. Total governmental expenses of \$18,439,105 were offset by program revenues of \$2,915,913 and general revenues of \$14,571,888. Program revenues supported 15.81% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements (including OSFC grant revenue). These revenue sources represent 81.54% of total governmental revenue. Real estate property is reappraised every six years.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2012 and 2011.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2012 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 909,329	\$ 909,329	\$ 922,295	\$ 922,295
Special	514,192	514,192	552,380	552,380
Vocational	9,738,495	8,338,500	9,819,849	8,502,563
Adult	364,338	(18,615)	388,076	40,855
Support services:				
Pupil	1,181,163	841,379	1,216,093	906,106
Instructional staff	1,309,846	977,696	1,286,788	835,422
Board of education	86,592	86,592	94,719	94,719
Administration	1,097,400	1,071,168	1,216,463	1,167,638
Fiscal	482,924	472,991	488,379	477,022
Business	188,764	188,764	189,630	189,630
Operations and maintenance	1,143,534	1,142,316	1,194,671	1,194,671
Pupil transportation	2,189	1,991	1,974	1,966
Central	255,917	255,169	96,891	90,008
Operation of non-instructional services:				
Other non-instructional services	69	(756)	131	(310)
Food service operations	481,442	59,565	431,717	23,392
Extracurricular activities	99,979	99,979	86,356	86,356
Interest and fiscal charges	<u>582,932</u>	<u>582,932</u>	<u>591,910</u>	<u>591,910</u>
<b>Total expenses</b>	<u><b>\$ 18,439,105</b></u>	<u><b>\$ 15,523,192</b></u>	<u><b>\$ 18,578,322</b></u>	<u><b>\$ 15,676,623</b></u>

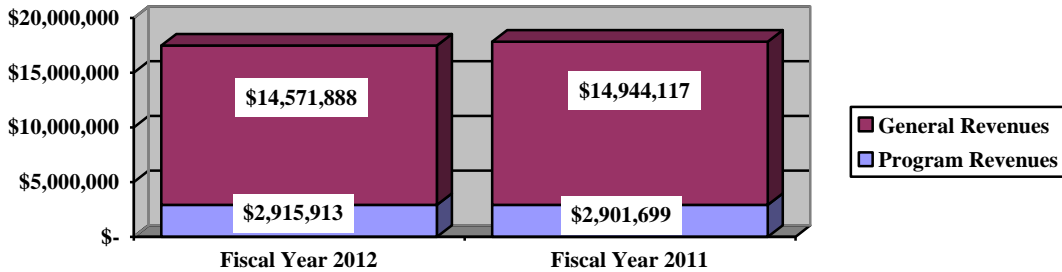
The dependence upon tax and other general revenues for governmental activities is apparent, as 84.53% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.19% of all expenses. The District's taxpayers and grants and entitlements are by far the primary support for District's students.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$18,033,192, which is less than last year's total restated balance of \$25,159,762 (as described in Note 3.B). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012, and June 30, 2011.

	Fund Balance June 30, 2012	(Restated) Fund Balance June 30, 2011	Decrease
General	\$ 9,389,160	\$ 10,282,110	\$ (892,950)
Classroom facilities	4,201,753	9,276,393	(5,074,640)
Other governmental	4,442,279	5,601,259	(1,158,980)
<b>Total</b>	<b>\$ 18,033,192</b>	<b>\$ 25,159,762</b>	<b>\$ (7,126,570)</b>

**General Fund**

The District's general fund balance decreased \$892,950.

The tables that follow assist in illustrating the financial activities and fund balance of the general fund. General fund revenues for fiscal year 2011 have been restated to reflect property taxes incorrectly attributed to the classroom facilities maintenance fund (a nonmajor governmental fund) in the prior year (see Note 3.B).

	2012 Amount	(Restated) 2011 Amount	Increase/ (Decrease)	Percentage Change
<b>Revenues</b>				
Taxes	\$ 4,167,987	\$ 4,100,918	\$ 67,069	1.64 %
Earnings on investments	140,194	317,942	(177,748)	(55.91) %
Intergovernmental	10,684,069	11,415,444	(731,375)	(6.41) %
Other revenues	562,402	434,945	127,457	29.30 %
<b>Total</b>	<b>\$ 15,554,652</b>	<b>\$ 16,269,249</b>	<b>\$ (714,597)</b>	<b>(4.39) %</b>

Overall revenues of the general fund decreased \$714,597 or 4.39%. Earnings on investments decreased \$177,748 or 55.91% primarily due to declining interest rates. Intergovernmental revenue decreased \$731,375 or 6.41% mainly due to the phase out of tangible personal property tax loss reimbursements received from the State. Other revenues increased \$127,457 or 29.30% mostly because of increases in classroom materials and fees, contract services, and miscellaneous District receipts.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 10,338,976	\$ 10,424,334	\$ (85,358)	(0.82) %
Support services	4,686,086	4,644,863	41,223	0.89 %
Operation of non-instructional services	69	131	(62)	(47.33) %
Extracurricular activities	81,240	81,239	1	0.00 %
Capital outlay	79,493	75,449	4,044	5.36 %
Debt service	897,471	880,492	16,979	1.93 %
Total	<u>\$ 16,083,335</u>	<u>\$ 16,106,508</u>	<u>\$ (23,173)</u>	(0.14) %

Overall expenditures of the general fund decreased \$23,173 or 0.14%. All expenditure classifications remained comparable to fiscal year 2011, which is an indication of the District's effort to remain stable in its spending practices.

***Classroom Facilities Fund***

The classroom facilities fund had \$1,735,046 in revenues and \$6,809,686 in expenditures. During fiscal year 2012, the classroom facilities fund's fund balance decreased \$5,074,640 from \$9,276,393 to \$4,201,753. The fund balance continued to decline in fiscal year 2012 due to expenditures made on the District's OSFC construction project.

***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.

For the general fund, final budgeted revenues and other financing sources were \$15,896,368, which matched exactly to the original budgeted revenues and other financing sources. Actual revenues and other financing sources for fiscal year 2012 were \$15,374,072. This represents a \$522,296 decrease from final budgeted amounts, primarily due to budgeted tax settlements exceeding actual amounts.

General fund original appropriations and other financing uses of \$17,027,091 matched exactly to the final budgeted expenditures and other financing uses. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$16,589,931, which was \$437,160 less than the final budget amounts. This favorable variance was mainly due to conservative budgeting in relation to instruction expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

The District restated capital assets at June 30, 2011, to account for the elimination of capital assets held by the North Central Ohio Computer Cooperative (NCOCC), an entity for which the District acts as fiscal agent. At the end of fiscal year 2012, the District had \$32,760,408 invested in land, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.



**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The following table shows June 30, 2012, balances compared to June 30, 2011.

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2012</u>	(Restated) <u>2011</u>
Land	\$ 25,000	\$ 25,000
Construction in progress	-	23,757,153
Building and improvements	29,451,133	689,382
Furniture and equipment	3,192,322	1,117,163
Vehicles	<u>91,953</u>	<u>111,488</u>
<b>Total</b>	<b><u>\$ 32,760,408</u></b>	<b><u>\$ 25,700,186</u></b>

The overall increase in capital assets of \$7,060,222 is due to capital outlays of \$7,901,992 exceeding current year depreciation of \$683,177. Total disposals to capital assets were \$158,593 (net of accumulated depreciation).

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

***Debt Administration***

At June 30, 2012, the District had \$11,674,058 in energy conservation bonds, certificates of participation and capital lease obligations outstanding. Of this total, \$339,237 is due within one year and \$11,334,821 is due in more than one year. The following table summarizes the long-term debt outstanding at June 30, 2012, compared to June 30, 2011.

<b>Outstanding Debt at June 30</b>		
	<u>Governmental Activities 2012</u>	<u>Governmental Activities 2011</u>
Energy conservation bonds	\$ 240,000	\$ 295,000
Certificates of participation	11,290,000	11,525,000
Capital lease obligations	<u>144,058</u>	<u>127,692</u>
<b>Total</b>	<b><u>\$ 11,674,058</u></b>	<b><u>\$ 11,947,692</u></b>

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

**Current Financial Related Activities**

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. As the preceding information shows, the general fund cash balance reported by the District was \$9,665,238 at June 30, 2012. The general fund cash balance includes the cash balance of various funds that are considered part of the general fund on a GAAP-basis. The general fund cash balance was \$10,160,963 at June 30, 2011. This minimal decrease of \$495,725 indicates that the District is attempting to maintain a healthy cash balance in the midst of major funding reductions.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

With Board guidance, the recent fiscal year budgets have been carefully managed in order to avoid additional tax millage above the current 3.7 voted mills that is being collected at 2.0 effective mills. In November 2003, the Board submitted, and the electors of the District approved (by a vote of 61.26% to 38.74%) a 1-mill renewal tax for the purpose of current expenses for a third five year period of time. By monitoring its five-year forecast, the Board was able to request voter approval early in the forecast cycle to maintain the same millage and not face possible reductions in educational programming. Since the total effective millage is at the 2-mill floor, it was not of any benefit to renew this levy in 2009. The Board is committed to utilizing the funds the District receives from the remaining levies to increase teacher salaries and purchase instructional materials, textbooks, and technology. Substantial funds have also been set aside for vocational equipment and building repair and maintenance.

Several significant legislative and judicial actions have occurred that will have a major impact on the District. After 20 years of controversy over its school funding system, Ohio was given a new method for providing funding to its public schools. Enacted as part of the 2009-2011 State budget, the Ohio Evidence-Based Model was designed to fund strategies that have the best chance to help students learn. This new funding model was not applicable to Joint Vocational Schools (JVS's) and a State funding committee was working on a method to fund JVS's. With the election of a new governor in November 2010, the Ohio Evidence-Based Model was discarded and a new funding model is currently under development. For the prior biennium, fiscal year 2010 and fiscal year 2011 JVS's were given an increase of 0.75% over the prior fiscal year due to the recession's impact on the State budget. This resulted in an increase of \$80,000 per year for fiscal year 2010 and fiscal year 2011. Had the District remained on the per pupil funding as in prior years, the increase would have been \$1.3 million for each fiscal year. This resulted in a loss of funding of \$1.2 million for each of the two years of the biennium. For the current biennium of fiscal year 2012 and fiscal year 2013, there was no increase in State funding due to the continuing recession. In addition, the new governor and the legislature accelerated the reimbursement for the phase out of the tangible property tax resulting in the loss of an additional \$4.5 million through fiscal year 2015. This has resulted in the need for a new levy sooner than anticipated to replace the 1-mill that expired at December 2009.

Another challenge facing the District was the need to renovate its facilities to meet current safety codes, correct building defects, and streamline operations and to enhance learning space design for students. The Board was approved for building assistance funding through the OSFC. OSFC funding comprised approximately 75% of the approved project costs; thus, it was important to capture this revenue source to relieve some of the financial burden from local taxpayers. The total projected cost of the renovation was \$34.5 million and requires an annual maintenance fund of about \$425,000 for 23 years. The building was totally functional for fiscal year 2012 and with only a few minor items to be finalized, the total cost of the project should approximate the original budget projections. To fund the local share and the annual maintenance requirement, a 1-mill continuing Permanent Improvement Levy was submitted to the voters in November 2007 and was defeated by a 52.3 % margin. This ballot issue was resubmitted to the voters in March 2008 and was defeated a second time. The District decided to issue Certificates of Participation in the amount of \$11.5 million in August of 2008 to secure the \$19 million OSFC State match. Projections indicate that the District will need additional funding by fiscal year 2014 to continue operations and service the debt.

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

**Contacting the District's Financial Management**

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 17,949,661
Cash with fiscal agent . . . . .	751,764
Cash with escrow agent . . . . .	782,445
Receivables:	
Taxes . . . . .	4,089,497
Accounts . . . . .	123,626
Intergovernmental . . . . .	62,762
Prepayments . . . . .	38,110
Materials and supplies inventory . . . . .	82,359
Unamortized certificate of participation issuance costs . . . . .	234,827
Capital assets:	
Land . . . . .	25,000
Depreciable capital assets, net . . . . .	32,735,408
Capital assets, net . . . . .	32,760,408
 Total assets . . . . .	 56,875,459
 <b>Liabilities:</b>	
Accounts payable . . . . .	113,620
Contracts payable . . . . .	101,961
Retainage payable . . . . .	269,471
Accrued wages and benefits . . . . .	1,186,505
Pension obligation payable . . . . .	180,224
Intergovernmental payable . . . . .	48,952
Unearned revenue . . . . .	2,756,175
Accrued interest payable . . . . .	44,387
Claims payable . . . . .	265,560
Long-term liabilities:	
Due within one year . . . . .	649,814
Due in more than one year . . . . .	12,151,492
 Total liabilities . . . . .	 17,768,161
 <b>Net assets:</b>	
Invested in capital assets, net of related debt . . . . .	21,492,574
Restricted for:	
Capital projects . . . . .	3,345,090
Classroom facilities maintenance . . . . .	639,943
Locally funded programs . . . . .	6,329
State funded programs . . . . .	21,362
Federally funded programs . . . . .	1,933
Other purposes . . . . .	683,209
Unrestricted . . . . .	12,916,858
 Total net assets . . . . .	 \$ 39,107,298

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants, Contributions and Interest	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 909,329	\$ -	\$ -	\$ (909,329)
Special . . . . .	514,192	-	-	(514,192)
Vocational . . . . .	9,738,495	346,423	1,053,572	(8,338,500)
Adult . . . . .	364,338	100,634	282,319	18,615
Support services:				
Pupil . . . . .	1,181,163	37,421	302,363	(841,379)
Instructional staff . . . . .	1,309,846	147,030	185,120	(977,696)
Board of education . . . . .	86,592	-	-	(86,592)
Administration . . . . .	1,097,400	20,367	5,865	(1,071,168)
Fiscal . . . . .	482,924	-	9,933	(472,991)
Business . . . . .	188,764	-	-	(188,764)
Operations and maintenance . . . . .	1,143,534	-	1,218	(1,142,316)
Pupil transportation . . . . .	2,189	-	198	(1,991)
Central . . . . .	255,917	-	748	(255,169)
Operation of non-instructional services:				
Other non-instructional services . . . . .	69	825	-	756
Food service operations . . . . .	481,442	195,151	226,726	(59,565)
Extracurricular activities . . . . .	99,979	-	-	(99,979)
Interest and fiscal charges . . . . .	582,932	-	-	(582,932)
<b>Total . . . . .</b>	<b>\$ 18,439,105</b>	<b>\$ 847,851</b>	<b>\$ 2,068,062</b>	<b>(15,523,192)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	4,138,498
Grants and entitlements not restricted to specific programs . . . . .	9,852,133
Grants and entitlements restricted for Ohio School Facilities Commission . . . . .	268,445
Investment earnings . . . . .	118,025
Miscellaneous . . . . .	194,787
<b>Total general revenues . . . . .</b>	<b>14,571,888</b>
Change in net assets . . . . .	(951,304)
<b>Net assets at beginning of year (restated) . . . . .</b>	<b>40,058,602</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 39,107,298</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 9,665,238	\$ 4,549,043	\$ 3,735,380	\$ 17,949,661
Cash with escrow agent . . . . .	-	-	782,445	782,445
Receivables:				
Taxes . . . . .	4,089,497	-	-	4,089,497
Accounts . . . . .	68,378	-	55,248	123,626
Intergovernmental . . . . .	-	-	62,762	62,762
Interfund loans . . . . .	24,000	-	-	24,000
Prepayments . . . . .	36,508	-	1,602	38,110
Materials and supplies inventory . . . . .	80,992	-	1,367	82,359
Total assets . . . . .	<u>\$ 13,964,613</u>	<u>\$ 4,549,043</u>	<u>\$ 4,638,804</u>	<u>\$ 23,152,460</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 76,926	\$ -	\$ 36,694	\$ 113,620
Contracts payable . . . . .	-	77,819	24,142	101,961
Retainage payable . . . . .	-	269,471	-	269,471
Accrued wages and benefits . . . . .	1,115,005	-	71,500	1,186,505
Compensated absences payable . . . . .	112,902	-	-	112,902
Pension obligation payable . . . . .	150,578	-	29,646	180,224
Intergovernmental payable . . . . .	45,280	-	3,672	48,952
Interfund loans payable . . . . .	-	-	24,000	24,000
Deferred revenue . . . . .	318,587	-	6,871	325,458
Unearned revenue . . . . .	2,756,175	-	-	2,756,175
Total liabilities . . . . .	<u>4,575,453</u>	<u>347,290</u>	<u>196,525</u>	<u>5,119,268</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepayments . . . . .	36,508	-	1,602	38,110
Materials and supplies inventory . . . . .	80,992	-	1,367	82,359
Restricted:				
Capital improvements . . . . .	-	3,345,090	-	3,345,090
Adult education . . . . .	-	-	703,157	703,157
Classroom facilities maintenance . . . . .	-	-	675,709	675,709
Food service operations . . . . .	-	-	31,442	31,442
Vocational education . . . . .	-	-	19,813	19,813
Other purposes . . . . .	-	-	27,691	27,691
Committed:				
Capital improvements . . . . .	-	856,663	2,212,728	3,069,391
Debt service . . . . .	-	-	784,686	784,686
Assigned:				
Student instruction . . . . .	69,381	-	-	69,381
Student and staff support . . . . .	180,902	-	-	180,902
School supplies . . . . .	67,854	-	-	67,854
Subsequent year appropriations . . . . .	1,125,458	-	-	1,125,458
Other purposes . . . . .	101,167	-	-	101,167
Unassigned (deficit) . . . . .	7,726,898	-	(15,916)	7,710,982
Total fund balances . . . . .	<u>9,389,160</u>	<u>4,201,753</u>	<u>4,442,279</u>	<u>18,033,192</u>
Total liabilities and fund balances . . . . .	<u>\$ 13,964,613</u>	<u>\$ 4,549,043</u>	<u>\$ 4,638,804</u>	<u>\$ 23,152,460</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

<b>Total governmental fund balances</b>		\$	18,033,192
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			32,760,408
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	318,587	
Intergovernmental receivable		<u>6,871</u>	
Total			325,458
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 on the statement of net assets.			486,204
Unamortized certificates of participation issuance costs are not recognized in the funds.			234,827
Unamortized discounts on certificates of participation are not recognized in the funds.			171,397
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(44,387)
Long-term liabilities, including certificates of participation, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,185,743)	
Energy conservation bonds payable		(240,000)	
Certificates of participation		(11,290,000)	
Capital lease obligations		<u>(144,058)</u>	
Total			<u>(12,859,801)</u>
<b>Net assets of governmental activities</b>		<u>\$</u>	<u>39,107,298</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 4,167,987	\$ -	\$ -	\$ 4,167,987
Tuition . . . . .	-	-	283,753	283,753
Charges for services . . . . .	-	-	195,151	195,151
Earnings on investments . . . . .	140,194	3,619	123	143,936
Extracurricular . . . . .	22,198	-	-	22,198
Classroom materials and fees . . . . .	183,252	-	-	183,252
Contributions and donations . . . . .	7,055	-	-	7,055
Contract services . . . . .	162,165	-	-	162,165
Other local revenues . . . . .	187,732	-	1,332	189,064
Intergovernmental - intermediate . . . . .	-	-	66,874	66,874
Intergovernmental - state . . . . .	10,684,069	1,731,427	380,719	12,796,215
Intergovernmental - federal . . . . .	-	-	805,051	805,051
Total revenues . . . . .	<u>15,554,652</u>	<u>1,735,046</u>	<u>1,733,003</u>	<u>19,022,701</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	902,553	-	-	902,553
Special . . . . .	546,502	-	-	546,502
Vocational . . . . .	8,889,921	-	571,481	9,461,402
Adult . . . . .	-	-	362,907	362,907
Support services:				
Pupil . . . . .	894,697	-	312,658	1,207,355
Instructional staff . . . . .	1,000,694	-	335,335	1,336,029
Board of education . . . . .	76,297	-	10,295	86,592
Administration . . . . .	1,061,393	-	5,329	1,066,722
Fiscal . . . . .	497,843	16,024	12,188	526,055
Business . . . . .	193,253	-	-	193,253
Operations and maintenance . . . . .	829,931	-	344,734	1,174,665
Pupil transportation . . . . .	1,979	-	210	2,189
Central . . . . .	129,999	-	1,210	131,209
Operation of non-instructional services:				
Other non-instructional services . . . . .	69	-	-	69
Food service operations . . . . .	-	-	431,753	431,753
Extracurricular activities . . . . .	81,240	-	-	81,240
Facilities acquisition and construction . . . . .	-	6,793,662	1,008,709	7,802,371
Capital outlay . . . . .	79,493	-	-	79,493
Debt service:				
Principal retirement . . . . .	330,315	-	-	330,315
Interest and fiscal charges . . . . .	567,156	-	-	567,156
Total expenditures . . . . .	<u>16,083,335</u>	<u>6,809,686</u>	<u>3,396,809</u>	<u>26,289,830</u>
Excess of expenditures over revenues . . . . .	<u>(528,683)</u>	<u>(5,074,640)</u>	<u>(1,663,806)</u>	<u>(7,267,129)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	491	-	930,800	931,291
Transfers (out) . . . . .	(505,200)	-	(426,091)	(931,291)
Sale of capital assets . . . . .	64,170	-	-	64,170
Inception of capital lease transaction . . . . .	79,493	-	-	79,493
Total other financing sources (uses) . . . . .	<u>(361,046)</u>	<u>-</u>	<u>504,709</u>	<u>143,663</u>
Net change in fund balances . . . . .	(889,729)	(5,074,640)	(1,159,097)	(7,123,466)
<b>Fund balances at beginning of year (restated) . . . . .</b>	<b>10,282,110</b>	<b>9,276,393</b>	<b>5,601,259</b>	<b>25,159,762</b>
<b>Increase (decrease) in reserve for inventory . . . . .</b>	<b>(3,221)</b>	<b>-</b>	<b>117</b>	<b>(3,104)</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 9,389,160</u></b>	<b><u>\$ 4,201,753</u></b>	<b><u>\$ 4,442,279</u></b>	<b><u>\$ 18,033,192</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

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, 2012

<b>Net change in fund balances - total governmental funds</b>	\$	(7,123,466)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 7,901,992	
Current year depreciation	(683,177)	
Total		7,218,815
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(158,593)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(3,104)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(29,489)	
Intergovernmental	(1,479,628)	
Earnings on investments	(38,428)	
Total		(1,547,545)
Repayment of principal and capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		330,315
Capital lease obligation payable balance forgiven as part of the lease trade-in agreement. This reduces the long-term obligations on the statement of net assets.		
		22,812
Proceeds of capital lease transactions are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
		(79,493)
In the statement of activities, interest is accrued on outstanding bonds and certificates of participation whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	861	
Amortization of discounts	(7,020)	
Amortization of issuance costs	(9,617)	
Total		(15,776)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		67,876
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		336,855
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(951,304)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 4,383,404	\$ 4,383,404	\$ 4,099,992	\$ (283,412)
Earnings on investments . . . . .	137,477	137,477	198,082	60,605
Other local revenues . . . . .	92,931	92,931	187,768	94,837
Intergovernmental - state . . . . .	11,177,696	11,177,696	10,684,069	(493,627)
<b>Total revenues . . . . .</b>	<b>15,791,508</b>	<b>15,791,508</b>	<b>15,169,911</b>	<b>(621,597)</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	904,974	904,974	898,803	6,171
Special . . . . .	564,813	564,813	560,962	3,851
Vocational . . . . .	8,842,063	8,842,063	8,781,772	60,291
Support services:				
Pupil . . . . .	904,155	904,155	897,990	6,165
Instructional staff . . . . .	1,032,516	1,032,516	1,025,476	7,040
Board of education . . . . .	80,449	80,449	79,900	549
Administration . . . . .	1,154,114	1,154,114	1,146,244	7,870
Fiscal . . . . .	449,733	449,733	446,666	3,067
Business . . . . .	194,135	194,135	192,811	1,324
Operations and maintenance . . . . .	935,307	935,307	928,929	6,378
Pupil transportation . . . . .	1,795	1,795	1,783	12
Central . . . . .	174,209	174,209	173,021	1,188
Extracurricular activities . . . . .	79,075	79,075	78,536	539
Debt service:				
Principal retirement . . . . .	291,991	291,991	290,000	1,991
Interest and fiscal charges . . . . .	561,668	561,668	557,838	3,830
<b>Total expenditures . . . . .</b>	<b>16,170,997</b>	<b>16,170,996</b>	<b>16,060,731</b>	<b>110,265</b>
Excess of expenditures over revenues . . . . .	(379,489)	(379,488)	(890,820)	(511,332)
<b>Other financing sources (uses):</b>				
Refund of prior year expenditures . . . . .	24,252	24,252	67,500	43,248
Transfers in . . . . .	31	31	491	460
Transfers (out) . . . . .	(756,095)	(756,095)	(505,200)	250,895
Advances in . . . . .	76,535	76,535	72,000	(4,535)
Advances (out) . . . . .	(100,000)	(100,000)	(24,000)	76,000
Sale of capital assets . . . . .	4,042	4,042	64,170	60,128
<b>Total other financing sources (uses) . . . . .</b>	<b>(751,235)</b>	<b>(751,235)</b>	<b>(325,039)</b>	<b>426,196</b>
Net change in fund balance . . . . .	(1,130,724)	(1,130,723)	(1,215,859)	(85,136)
<b>Fund balance at beginning of year (restated) . .</b>	<b>9,982,281</b>	<b>9,982,281</b>	<b>9,982,281</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . .</b>	<b>470,000</b>	<b>470,000</b>	<b>470,000</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 9,321,557</b>	<b>\$ 9,321,558</b>	<b>\$ 9,236,422</b>	<b>\$ (85,136)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Current assets:	
Cash with fiscal agent . . . . .	\$ 751,764
Total assets. . . . .	<u>751,764</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>265,560</u>
Total liabilities . . . . .	<u>265,560</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>486,204</u>
Total net assets . . . . .	<u>\$ 486,204</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 2,834,291
Total operating revenues . . . . .	<u>2,834,291</u>
<b>Operating expenses:</b>	
Claims expense . . . . .	2,418,752
Administrative costs . . . . .	<u>91,329</u>
Total operating expenses . . . . .	<u>2,510,081</u>
Operating income . . . . .	<u>324,210</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>12,645</u>
Total nonoperating revenues . . . . .	<u>12,645</u>
Change in net assets . . . . .	336,855
<b>Net assets at beginning of year . . . . .</b>	<u>149,349</u>
<b>Net assets at end of year . . . . .</b>	<u><u>\$ 486,204</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 2,834,291
Cash payments for claims expenses. . . . .	(2,463,079)
Cash payments for administrative costs. . . . .	<u>(91,329)</u>
Net cash provided by operating activities . . . . .	<u>279,883</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash used in repayment of interfund loans. . . . .	<u>(11,000)</u>
Net cash used in noncapital financing activities. . . . .	<u>(11,000)</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>12,645</u>
Net cash provided by investing activities . . . . .	<u>12,645</u>
Net increase in cash with fiscal agent . . . . .	281,528
<b>Cash with fiscal agent at beginning of year . . . . .</b>	<u>470,236</u>
<b>Cash with fiscal agent at end of year. . . . .</b>	<u><u>\$ 751,764</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income. . . . .	\$ 324,210
(Decrease) in claims payable . . . . .	<u>(44,327)</u>
Net cash provided by operating activities. . . . .	<u><u>\$ 279,883</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 161,070	\$ 842,651
Receivables:		
Accounts . . . . .	-	1,760
Prepayments . . . . .	-	22,548
Total assets . . . . .	161,070	\$ 866,959
<b>Liabilities:</b>		
Accounts payable . . . . .	-	\$ 90,567
Intergovernmental payable . . . . .	-	725,368
Due to students . . . . .	-	51,024
Total liabilities . . . . .	-	\$ 866,959
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	161,070	
Total net assets . . . . .	\$ 161,070	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 430
Gifts and contributions . . . . .	3,970
Total additions . . . . .	4,400
<b>Deductions:</b>	
Scholarships awarded . . . . .	8,353
Change in net assets . . . . .	(3,953)
<b>Net assets at beginning of year . . . . .</b>	<b>165,023</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 161,070</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

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

The District's primary mission is to provide students with job training, which is expected to lead to the students' employment upon graduation from high school. The District includes 14 member school districts throughout Richland, Crawford, Huron, Morrow, Wyandot, Seneca, Marion and Ashland counties.

The District also provides support services for the pupils, instructional staff, operation and maintenance, food services, extracurricular activities, and nonprogrammed services. It is staffed by 47 non-certified employees and 126 certified full-time teaching personnel, who provide services to 2,304 students and other community members.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

*JOINT VENTURE WITHOUT EQUITY INTEREST*

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

The COG is a jointly governed organization among 15 school districts, 8 community schools, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2012, the District paid \$242,976 to the COG for various services. The District serves as fiscal agent for the COG and financial activity for fiscal year 2012 is reported in the financial statements as an agency fund.

*PUBLIC ENTITY RISK POOLS*

Workers' Compensation Group Rating Plan

The District participates in a group rating plan (GRP) for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Each year, the participating school districts pay an enrollment fee to Sheakley Uniservice, Inc. to cover the costs of administering the program.

School of Ohio Risk Sharing Authority

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

**B. Fund Accounting**

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



**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

*GOVERNMENTAL FUNDS*

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

*General fund* -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures related to debt service activities.

*PROPRIETARY FUND*

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

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

*FIDUCIARY FUNDS*

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

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

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

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

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

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

**D. Basis of Accounting**

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2012 are recorded as deferred revenue on the fund financial statements.

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources by fund, as certified. The specific timetable is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2012.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. Although the legal level of budgetary control is at the fund level, the District has elected to show the budgetary statement at the fund and function level of expenditures.

All supplemental appropriations were legally enacted by the Board during fiscal year 2012.

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2012, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposit. All investments of the District had a maturity date of five years or less from the date of purchase. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2012.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$140,194, which includes \$47,650 assigned from other District funds.

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

**G. Inventory**

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

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

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

**H. Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. For fiscal year 2012, the District maintained a capitalization threshold of \$5,000.

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

All reported capital assets except land 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	Governmental Activities <u>Estimated Lives</u>
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

**I. Interfund Balances**

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

**J. Compensated Absences**

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 with at least 5 years of service and all employees with at least 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

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

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

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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 (the highest level of decision making authority). 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 nor 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, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**M. Net Assets**

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

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Prepayments**

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

At fiscal year end, because prepayments and deferrals are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset.

**O. Unamortized Issuance Costs/Discount**

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

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

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

**P. Estimates**

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

**Q. Interfund Activity**

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the District has implemented GASB Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and GASB Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53”.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

**B. Restatement of Net Assets and Fund Balance**

The District’s net assets have been restated to reflect the elimination of capital assets attributable to the COG that were previously reported by the District. The change in the District’s capital assets had the following effect on net assets as previously reported by the governmental activities:

	Governmental Activities
Net assets as previously reported	\$ 40,759,923
Correction of capital assets	(701,321)
Restated net assets at July 1, 2011	\$ 40,058,602

See Note 8 for the effect of the change on capital asset balances as previously reported by the District.

During fiscal year 2011, the District transferred \$425,360 from the capital projects fund (a nonmajor governmental fund) to the classroom facilities maintenance fund (a nonmajor governmental fund), but the amount was incorrectly classified as a transfer out of the general fund on a GAAP-basis. This adjustment to interfund transfer activity had the following effect on the District’s governmental fund balances as previously reported:

	General	Classroom Facilities	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	\$ 9,856,750	\$ 9,276,393	\$ 6,026,619	\$ 25,159,762
Correction of interfund transfer	425,360	-	(425,360)	-
Restated fund balance at July 1, 2011	\$ 10,282,110	\$ 9,276,393	\$ 5,601,259	\$ 25,159,762

The adjustment to interfund transfer activity did not have an effect on net assets as previously reported.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**C. Restatement of Budgetary-Basis Fund Balance**

During fiscal year 2011, the District transferred \$425,360 from the capital projects fund (a nonmajor governmental fund) to the classroom facilities maintenance fund (a nonmajor governmental fund), but the amount was incorrectly classified as a transfer out of the general fund on a budgetary-basis. The restatement of the general fund's budgetary-basis fund balance at June 30, 2011 is as follows:

<b>Budgetary-Basis</b>	<u>General Fund</u>
Balance at June 30, 2011	\$ 9,556,921
Correction of interfund transfer	<u>425,360</u>
Restated balance at July 1, 2011	<u>\$ 9,982,281</u>

**D. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Public school preschool	\$ 2,407
School to work	13,499
Race to the top	5
Improving teacher quality	5

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances are a result of adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

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

**B. Cash with Fiscal Agent**

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2012 was \$751,764 and is not included in “Deposits with Financial Institutions”. This amount is reported as “cash with fiscal agent” on the basic financial statements.

**C. Cash with Escrow Agent**

At June 30, 2012, the District had \$782,445 in cash with an escrow agent relating to the certificates of participation that were issued during fiscal year 2009. This amount is recorded in the debt service fund (a nonmajor governmental fund) and is included in “Deposits with Financial Institutions”. This amount is reported as “cash with escrow agent” on the basic financial statements.

**D. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits was \$19,733,863. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2012, \$11,078,649 of the District’s bank balance of \$20,283,828 was exposed to custodial risk as discussed below, while \$9,205,179 was covered by the FDIC.

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

**E. Investments**

As of June 30, 2012, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 1,539	\$ 1,539

The weighted average maturity of investments is 53 days.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,539	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 19,733,863
Investments	1,539
Cash with fiscal agent	751,764
Cash on hand	<u>425</u>
Total	<u>\$ 20,487,591</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 19,483,870
Private-purpose trust funds	161,070
Agency funds	<u>842,651</u>
Total	<u>\$ 20,487,591</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2012 as reported on the fund statements, consisted of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 24,000</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2012 are reported on the statement of net assets.

- B. Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:

General fund	\$ 505,200
Nonmajor governmental fund	425,600

Transfer to general fund from:

Nonmajor governmental funds	<u>491</u>
<b>Total</b>	<u><b>\$ 931,291</b></u>

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

During fiscal year 2012, the capital projects fund (a nonmajor governmental fund) transferred \$425,600 to the classroom facilities maintenance fund (a nonmajor governmental fund) to satisfy the annual requirement as dictated by the District's Ohio School Facilities Commission (OSFC) construction project agreement. The District also made \$491 in residual equity transfers from various nonmajor governmental funds to the general fund.

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently 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 Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$1,014,735 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$946,740 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,145,026,300	96.01	\$ 2,110,245,740	95.80
Public utility personal	<u>89,082,830</u>	<u>3.99</u>	<u>92,441,590</u>	<u>4.20</u>
Total	<u>\$ 2,234,109,130</u>	<u>100.00</u>	<u>\$ 2,202,687,330</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 2.85		\$ 2.85	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes, accounts (billings for user charged services and student fees, interfunds, and intergovernmental grants and entitlements). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

<b>Governmental activities:</b>	
Taxes	\$ 4,089,497
Accounts	123,626
Intergovernmental	<u>62,762</u>
Total	<u>\$ 4,275,885</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

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**NOTE 8 - CAPITAL ASSETS**

Capital assets of the governmental activities have been restated to reflect the elimination of capital assets attributable to the COG that were previously reported by the District. The effect of the change in governmental activities capital assets and fiscal year 2012 capital asset activity is as follows:

	Restated Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2012</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in progress	<u>23,757,153</u>	<u>5,305,099</u>	<u>(29,062,252)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>23,782,153</u>	<u>5,305,099</u>	<u>(29,062,252)</u>	<u>25,000</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	4,170,475	29,062,252	-	33,232,727
Furniture and equipment	2,845,167	2,572,393	(638,442)	4,779,118
Vehicles	<u>438,521</u>	<u>24,500</u>	<u>(22,200)</u>	<u>440,821</u>
Total capital assets, being depreciated	<u>7,454,163</u>	<u>31,659,145</u>	<u>(660,642)</u>	<u>38,452,666</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(3,481,093)	(300,501)	-	(3,781,594)
Furniture and equipment	(1,728,004)	(338,641)	479,849	(1,586,796)
Vehicles	<u>(327,033)</u>	<u>(44,035)</u>	<u>22,200</u>	<u>(348,868)</u>
Total accumulated depreciation	<u>(5,536,130)</u>	<u>(683,177)</u>	<u>502,049</u>	<u>(5,717,258)</u>
Governmental activities capital assets, net	<u>\$ 25,700,186</u>	<u>\$ 36,281,067</u>	<u>\$ (29,220,845)</u>	<u>\$ 32,760,408</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 24,021
Special	5,584
Vocational	461,054

Support services:

Pupil	1,798
Administration	30,832
Fiscal	822
Business	433
Operations and maintenance	71,157
Central	15,900
Food service operations	52,837
Extracurricular activities	<u>18,739</u>
Total depreciation expense	<u>\$ 683,177</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In the current fiscal year and in previous fiscal years, the District entered into capitalized leases for copiers and a mailing machine. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets consisting of copiers and a mailing machine have been capitalized in the amount of \$218,570. This amount represents the present value of the minimum lease payments at the time of acquisition. As of June 30, 2012, accumulated depreciation was \$75,362, resulting in a net carrying value of \$143,208. A liability is recorded in the government-wide financial statements equal to the present value of the future minimum lease payments. Principal payments in fiscal year 2012 totaled \$40,315 paid by the general fund. The District also disposed of capital leases in the amount of \$22,812 during fiscal year 2012.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2012:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 51,128
2014	40,476
2015	35,564
2016	29,886
2017	<u>1,493</u>
Total minimum lease payments	158,547
Less: amount representing interest	<u>(14,489)</u>
Total	<u>\$ 144,058</u>

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - LONG-TERM OBLIGATIONS**

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

The following is a description of the District's energy conservation bonds outstanding as of June 30, 2012:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance June 30, 2011</u>	<u>Retired in Fiscal Year 2012</u>	<u>Balance June 30, 2012</u>
Energy conservation bonds	5.51%	08/01/00	12/01/15	\$ 295,000	\$ (55,000)	\$ 240,000

Principal and interest requirements to retire the energy conservation bonds at June 30, 2012, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2013	\$ 55,000	\$ 12,259	\$ 67,259
2014	60,000	9,009	69,009
2015	60,000	5,559	65,559
2016	65,000	1,909	66,909
Total	<u>\$ 240,000</u>	<u>\$ 28,736</u>	<u>\$ 268,736</u>

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

The following is a description of the District's COPs outstanding as of June 30, 2012:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance June 30, 2011</u>	<u>Retired in Fiscal Year 2012</u>	<u>Balance June 30, 2012</u>
COPs	3%-5.125%	8/21/08	12/31/36	\$ 11,525,000	\$ (235,000)	\$ 11,290,000

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the COPs at June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Principal on COPs	Interest on COPs	Total
2013	\$ 240,000	\$ 534,850	\$ 774,850
2014	250,000	526,575	776,575
2015	260,000	517,000	777,000
2016	270,000	506,400	776,400
2017	280,000	495,400	775,400
2018 - 2022	1,570,000	2,292,353	3,862,353
2023 - 2027	1,960,000	1,897,706	3,857,706
2028 - 2032	2,490,000	1,347,727	3,837,727
2033 - 2037	<u>3,970,000</u>	<u>605,263</u>	<u>4,575,263</u>
Total	<u>\$ 11,290,000</u>	<u>\$ 8,723,274</u>	<u>\$ 20,013,274</u>

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

	Balance Outstanding June 30, 2011	Additions	Reductions	Balance Outstanding June 30, 2012	Amounts Due in One Year
<b>Governmental activities:</b>					
Energy conservation bonds	\$ 295,000	\$ -	\$ (55,000)	\$ 240,000	\$ 55,000
Certificates of participation	11,525,000	-	(235,000)	11,290,000	240,000
Capital lease obligations	127,692	79,493	(63,127)	144,058	44,237
Compensated absences	<u>1,358,358</u>	<u>347,492</u>	<u>(407,205)</u>	<u>1,298,645</u>	<u>310,577</u>
Total long-term obligations, governmental activities	<u>\$ 13,306,050</u>	<u>\$ 426,985</u>	<u>\$ (760,332)</u>	12,972,703	<u>\$ 649,814</u>
Less: Unamortized discount				<u>(171,397)</u>	
Total per statement of net assets				<u>\$ 12,801,306</u>	

Capital lease obligations will be paid from the general fund (See Note 9).

Compensated absences will be paid from the fund from which the employee is paid, which for the District is primarily the general fund.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$187,736,546 (including available funds of \$784,686) and an unvoted debt margin of \$1,962,687.

**NOTE 11 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. The District contracted with Argonaut Insurance Co. for general liability, school board legal liability, employee benefits liability, auto liability, property, and crime coverages. Commercial general liability has a \$1,000,000 per occurrence, \$3,000,000 aggregate limit. Umbrella coverage of \$4,000,000 per occurrence, \$4,000,000 aggregate limit was also provided. Crime coverage is also provided with a limit of \$50,000 for public employee dishonesty, forgery, computer fraud and money and securities.

Vehicles are covered with a policy providing Actual Cash Value (ACV) for physical damage or cost of repair, whichever is less. Automobile liability has a \$1,000,000 limit of liability per accident or loss. The aforementioned umbrella policy is above the auto as well.

School leader's errors and omissions policy is provided by (SORSA) in the amount of \$1,000,000 per occurrence, \$3,000,000 aggregate limit, with a \$2,500 deductible for each wrongful act.

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

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 11 - RISK MANAGEMENT - (Continued)**

**B. Employee Health**

The District has elected to provide employee medical/surgical benefits through a self-insured program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical/surgical plan, with a \$150 single and \$300 family deductible per year. The plan also provides dental care. A third-party administrator, Employee Benefits Management Corporation, reviews and pays all claims. The administrator purchases stop-loss coverage of \$35,000 per employee. The District pays into the self-insurance internal service fund \$1,321 for family coverage and \$629 for individual coverage per employee per month, with the employee contributing \$147 for family coverage and \$70 for individual coverage per month and the Board of Education paying the remainder. This premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$265,560 reported in the fund at June 30, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability for fiscal year 2012 and the prior fiscal year follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2012	\$ 309,887	\$ 2,418,752	\$ (2,463,079)	\$ 265,560
2011	263,151	3,044,847	(2,998,111)	309,887

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

**C. Workers' Compensation**

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

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$349,325, \$312,289 and \$328,961, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

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

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



**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 12 - PENSION PLANS - (Continued)**

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,109,545, \$1,128,261 and \$1,109,374, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$52,185 made by the District and \$37,275 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 is \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated 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 according to service credit earned. 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 statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes 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.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$68,073, \$90,466 and \$62,633, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$20,711, \$20,096 and \$19,563, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$85,350, \$86,789 and \$85,336, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (1,215,859)
Net adjustment for revenue accruals	10,071
Net adjustment for expenditure accruals	30,647
Net adjustment for other sources/uses	(36,007)
Funds budgeted elsewhere	26,504
Adjustment for encumbrances	294,915
GAAP basis	\$ (889,729)

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, special rotary fund, rotary fund, public school support fund and portions of the special trust fund.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 15 - CONTINGENCIES**

**A. Grants and ADM**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

**NOTE 16 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	218,461
Current year qualifying expenditures	(357,466)
Current year offsets	<u>(500,000)</u>
Total	<u>\$ (639,005)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u><u>\$ -</u></u>

During fiscal year 2009, the District issued \$11,970,000 in capital related school improvement certificates of participation. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from debt proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of proceeds that may be used as an offset in future periods, which was \$11,970,000 at June 30, 2012.

**PIONEER CAREER AND TECHNOLOGY CENTER  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 17 - 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 year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 229,856
Nonmajor governmental funds	<u>217,857</u>
Total	<u>\$ 447,713</u>

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December 28, 2012

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 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2012, in which the District restated net assets to reflect the elimination of capital assets previously reported that are owned by an entity the District is a fiscal agent for and fund balances to correct a transfer incorrectly reported in the prior year. 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.

**Internal Control over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as finding 2012-001 to be a material weakness.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District in a separate letter dated December 28, 2012.

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

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

*Kea & Associates, Inc.*



December 28, 2012

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

**Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance In Accordance With OMB Circular A-133**

**Compliance**

We have audited the compliance of Pioneer Career and Technology Center, Richland County, Ohio (the District), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2012. The District's major federal program is identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2012-002.

### **Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying *Schedule of Findings and Questioned Costs* as item 2012-002. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

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

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

*Hea & Associates, Inc.*

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
<b>U. S. Department of Agriculture</b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	10.555	2012	\$ 19,050	\$ 19,050
Cash Assistance:				
School Breakfast Program	10.553	2012	36,108	36,108
National School Lunch Program	10.555	2012	167,437	167,437
<i>Cash Assistance Subtotal</i>			<u>203,545</u>	<u>203,545</u>
Total U.S. Department of Agriculture			<u>222,595</u>	<u>222,595</u>
<b>U. S. Department of Education</b>				
<i>Direct Program:</i>				
Federal Pell Grant Program	84.063	2012	73,438	73,438
<i>Passed through the Ohio Department of Education:</i>				
Career and Technical Education - Basic Grants to States	84.048	2011	36,141	59,878
Career and Technical Education - Basic Grants to States	84.048	2012	279,965	264,805
<i>Total Passed through the Ohio Department of Education</i>			<u>316,106</u>	<u>324,683</u>
<i>Passed through the Madison Local School District:</i>				
Career and Technical Education - Basic Grants to States	84.048	2012	26,560	26,560
Total Career and Technical Education - Basic Grants to States			<u>342,666</u>	<u>351,243</u>
<i>Passed through the Ohio Department of Education:</i>				
Title II-A - Improving Teacher Quality	84.367	2011	13,345	8,708
Title II-A - Improving Teacher Quality	84.367	2012	2,907	3,256
Total Title II-A - Improving Teacher Quality			<u>16,252</u>	<u>11,964</u>
Consolidated Administrative Fund	84.000	2011	40,278	40,278
ARRA - Race to the Top	84.395	2012	1,050	1,050
Total U.S. Department of Education			<u>473,684</u>	<u>477,973</u>
Total Federal Assistance			<u>\$ 696,279</u>	<u>\$ 700,568</u>

See accompanying notes to the schedule of expenditures of federal awards

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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**Note A – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**Note B - Child Nutrition Cluster**

Federal money commingled with state subsidy reimbursements. It is assumed federal monies are expended first.

**Note C – Food Donation Program**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505  
JUNE 30, 2012

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505  
JUNE 30, 2012

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number:** 2012-001 – Material Weakness

**Criteria:** The American Institute of Certified Public Accountants (AICPA) establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client’s internal control over financial reporting. This standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 115 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

**Condition:** As a result of our audit, we identified material misstatements in the District’s financial statements. These amounts have been subsequently reported in the audited financial statements. The District’s capital assets balance as of June 30, 2011, was overstated as well as current year additions and deletions due to commingling the agency fund’s capital assets with the primary government’s capital assets. In addition, retainage payable was overstated in the Ohio School Facilities Program (OSFC) fund for amounts due contractors related to the OSFC project. Finally, internal service revenues and expenses were overstated by the same amount for a reimbursement that was recorded as revenue instead of reduction of expense.

**Cause:** The following factors resulted in the adjustments to the financial statements each individual of each other. As fiscal agent to the entity that owns the assets, the District is responsible for tracking and maintaining its normal operating activity as well as the agency’s capital assets. The District tracks the agency fund’s capital assets utilizing the same software with the agency’s activity segregated in its own fund. As a result, the agency’s capital assets have erroneously been recorded with the governmental activities on the financial statements. Secondly, the District maintains escrow accounts for each contractor as part of the Vocational Facilities Assistance Program project; however, these balances are not being utilized when the District pays down on the retainage balances. Therefore, when the District recorded retainage payable based on the escrow account balances, the retainage payable was overstated for the amounts already processed through June 30, 2012. Lastly, the District provides self-insurance to its employees for health benefits. At the end of the fiscal year, the District receives a financial statement that it uses to record self-insurance activity on its financial statements. This report classified a reimbursement as revenue; however, under accounting principles generally accepted in the United States (GAAP), this should be treated as a reduction of expense and thus caused a material overstatement of both revenue and expenses (and thus no impact on net assets) in the District’s internal service fund.

**Effect:** The above conditions resulted in audit adjustments to the original financial statements presented for audit to correct the misstatements.

**Recommendation:** We recommend periodically reviewing the detail, master capital asset listing to ensure its accuracy and calling a representative from GFOA or the Auditor of State’s local government services for questions on financial statement reporting. We also recommend utilizing escrow accounts as intended or communicate any discrepancies between actual retainage and escrow balance retainage. Lastly, we recommend reviewing financial statements after the cash to GAAP conversion process or comparing OME-RESA statements to the District’s to prevent any significant misstatements related to the internal service fund.

**Management Response:** Procedures will be implemented to ensure proper financial reporting. Management will scrutinize all major transactions more closely to ensure that accounting treatment is in accordance with GAAP.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505  
JUNE 30, 2012

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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**Finding Number:** 2012-002 – Noncompliance/Significant Deficiency - Activity Allowed or Unallowed

**Federal Program:** Carl Perkins – Vocational Education

**CFDA Number:** 84.048

**Federal Agency:** U.S. Department of Education

**Pass Through Entity:** Ohio Department of Education

**Criteria:** Federal Regulations (Appendix A to 2 CFR 225 (C)(1)(c)) include the following requirements: "to be allowable under Federal awards, costs must meet a) be necessary and reasonable for proper and efficient performance and administration of Federal Awards, b) be allocable to Federal awards under the provisions of 2 CFR part 225, and c) be authorized and not prohibited under State or local laws or regulations." Furthermore, as its pass-through agency, the Ohio Department of Education (ODE) provides guidelines regarding equipment specifically. "Equipment must be essential to develop the students' occupational skills. Digital cameras and projectors may be classified as equipment, provided they are used for CTE students and programs."

**Condition:** During 2012, the District purchased iPads and training for these iPads with vocational education funds for supervisors, administrators, and other teachers that are not directly associated with the vocational education grant.

**Cause:** The District did not communicate with ODE or the U.S. Department of Education prior to purchasing equipment with federal dollars to ensure allowability.

**Potential Effect:** As a result of the condition above, the District has known questionable costs of \$11,300 with a projected questioned cost of \$12,430.

**Recommendation:** The District should adopt internal review procedures to ensure all purchases are in accordance with cost principles. When large purchases being made or question exists, we recommend contacting ODE for prior approval to ensure allowability. This approval should be in writing and maintained with the purchase and/or grant file.

**Management Response:** The District will not expend funds for equipment from the CCIP grants until we have received substantial approval from the ODE Director for any equipment purchases over \$5000.00. The Program Director realizes the error and has personally set controls in place to avoid this from happening in the future.

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

SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2012

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Corrected, Significantly Different Corrective Action Taken or Finding No Longer Valid Explain</b>
2011-001	Internal Controls over Financial Reporting	No	Similar comment repeated as 2012-001
2011-002	Receipt posting during reconciliation process	No	Partially Corrected, reported in management letter





# Dave Yost • Auditor of State

PIONEER CAREER AND TECHNOLOGY CENTER

RICHLAND COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 21, 2013