

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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2006



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, as of June 30, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

January 25, 2007

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

The discussion and analysis of the Pioneer Career and Technology Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. 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 2006 are as follows:

- In total, net assets of governmental activities increased \$1,513,253 which represents an 11.32 percent increase from 2005.
- General revenues accounted for \$14,865,935 in revenue or 87.14 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,193,304 or 12.86 percent of total revenues of \$17,059,239.
- The District had \$15,545,986 in expenses related to governmental activities; only \$2,193,304 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,865,935 were adequate to provide for these programs.
- The District's major governmental funds consist of the general fund, the permanent improvement fund and the capital projects fund. The general fund had \$14,921,019 in revenues and other financing sources and \$15,225,901 in expenditures and other financing uses. During fiscal year 2006, the general fund's net change in fund balance was (\$304,882).
- The permanent improvement fund had a \$1,000,000 transfer in from the general fund and \$607,537 in expenditures which increased the fund balance \$392,463 from \$1,599,602 to \$1,992,065.
- The capital projects fund had a \$1,000,000 transfer in from the general fund which increased the fund balance from \$2,000,000 to \$3,000,000.

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, the permanent improvement fund and the capital projects fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses*, except fiduciary funds, using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-51 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2006 and 2005.

	Net Assets	
	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<u>Assets</u>		
Current and other assets	\$ 20,762,680	\$ 18,423,443
Capital assets, net	<u>2,870,657</u>	<u>2,884,246</u>
Total assets	<u>23,633,337</u>	<u>21,307,689</u>
<u>Liabilities</u>		
Current liabilities	6,828,056	6,061,783
Long-term liabilities	<u>1,925,956</u>	<u>1,879,834</u>
Total liabilities	<u>8,754,012</u>	<u>7,941,617</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,227,029	2,211,365
Restricted	5,114,914	3,698,576
Unrestricted	<u>7,537,382</u>	<u>7,456,131</u>
Total net assets	<u>\$ 14,879,325</u>	<u>\$ 13,366,072</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$14,879,325. At year-end, unrestricted net assets were \$7,537,382.

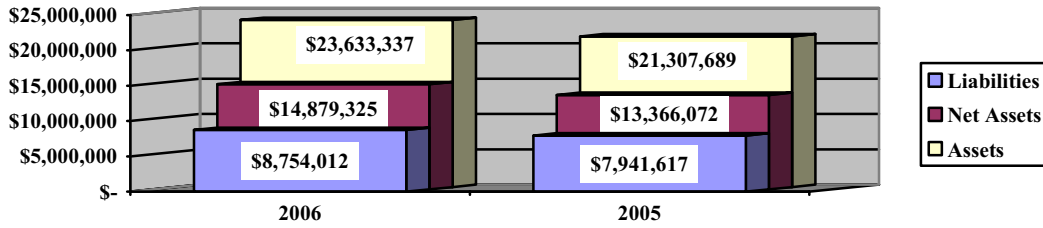
At year-end, capital assets represented 12.15 percent of total assets. Capital assets include land, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2006, were \$2,227,029. These capital assets are used to provide 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

A portion of the District's net assets, \$5,114,914, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$7,537,382 may be used to meet the District's ongoing obligations to the students and creditors.

Governmental Activities



The table below shows the change in net assets for fiscal years 2006 and 2005.

Change in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
Revenues		
Program revenues:		
Charges for services and sales	\$ 882,901	\$ 827,251
Operating grants and contributions	1,310,403	1,397,927
Capital grants and contributions	-	53,563
General revenues:		
Property taxes	5,490,019	6,081,670
Grants and entitlements, not restricted	8,587,040	8,333,742
Investment earnings	496,040	254,121
Miscellaneous	292,836	318,423
Total revenues	<u>17,059,239</u>	<u>17,266,697</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

Change in Net Assets

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 595,526	\$ 575,977
Special	361,813	372,207
Vocational	8,441,885	7,548,530
Adult	441,215	519,747
Other	46,423	1,391
Support services:		
Pupil	1,043,024	1,066,721
Instructional staff	948,147	901,108
Board of education	55,591	45,258
Administration	1,209,687	1,155,027
Fiscal	439,788	414,434
Business	130,322	161,670
Operations and maintenance	1,166,173	1,619,955
Pupil transportation	4,775	29,581
Central	162,467	168,596
Food service operations	397,525	376,097
Extracurricular activities	61,209	129,970
Intergovernmental pass through	-	24,160
Interest and fiscal charges	<u>40,416</u>	<u>36,566</u>
Total expenses	<u>15,545,986</u>	<u>15,146,995</u>
Change in net assets	1,513,253	2,119,702
Net assets at beginning of year	<u>13,366,072</u>	<u>11,246,370</u>
Net assets at end of year	<u>\$ 14,879,325</u>	<u>\$ 13,366,072</u>

Governmental Activities

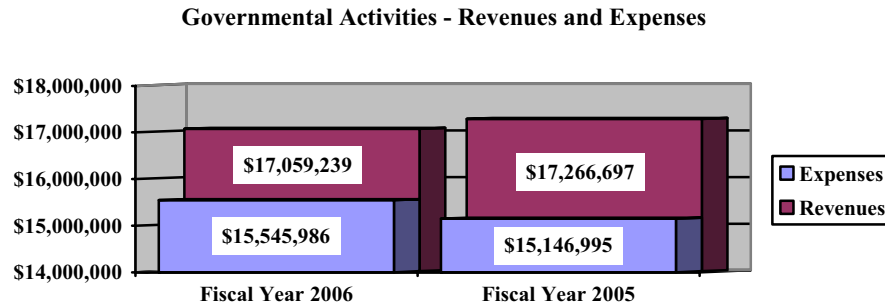
Net assets of the District's governmental activities increased \$1,513,253. Total governmental expenses of \$15,545,986 were offset by program revenues of \$2,193,304 and general revenues of \$14,865,935. Program revenues supported 14.11 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 82.52 percent of total governmental revenue. Real estate property is reappraised every six years.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2006 and 2005.



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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

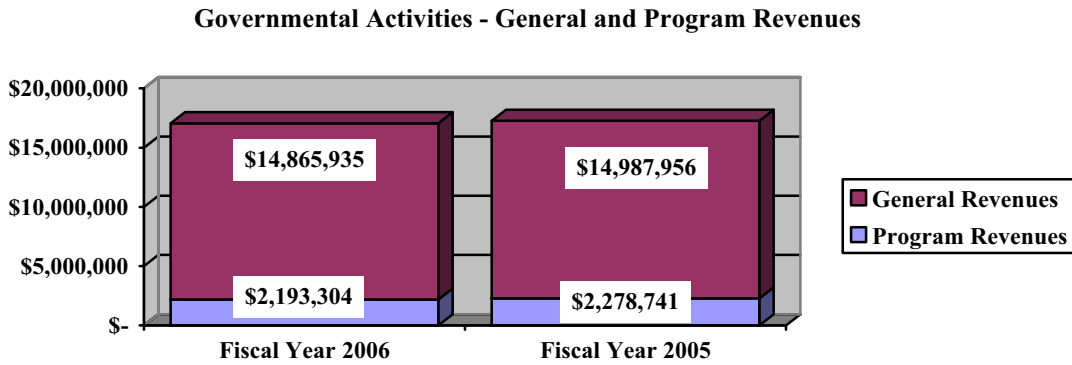
	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>
Program expenses				
Instruction:				
Regular	\$ 595,526	\$ 595,526	\$ 575,977	\$ 575,977
Special	361,813	349,585	372,207	372,207
Vocational	8,441,885	7,871,632	7,548,530	7,065,315
Adult	441,215	(91,557)	519,747	(52,088)
Other	46,423	46,423	1,391	1,391
Support services:				
Pupil	1,043,024	767,817	1,066,721	743,438
Instructional staff	948,147	571,548	901,108	522,369
Board of education	55,591	55,591	45,258	45,258
Administration	1,209,687	1,168,007	1,155,027	1,121,753
Fiscal	439,788	429,517	414,434	406,727
Business	130,322	130,322	161,670	161,670
Operations and maintenance	1,166,173	1,164,954	1,619,955	1,618,266
Pupil transportation	4,775	4,494	29,581	28,923
Central	162,467	148,054	168,596	127,622
Food service operations	397,525	39,144	376,097	19,441
Extracurricular activities	61,209	61,209	129,970	76,407
Intergovernmental pass through	-	-	24,160	(2,988)
Interest and fiscal charges	40,416	40,416	36,566	36,566
Total expenses	<u>\$ 15,545,986</u>	<u>\$ 13,352,682</u>	<u>\$ 15,146,995</u>	<u>\$ 12,868,254</u>

The dependence upon tax and other general revenues for governmental activities is apparent, as 88.72 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.89 percent. The District's taxpayers, as a whole, are by far the primary support for the District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2006 and 2005.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$12,617,208, which is higher than last year's total of \$11,387,899. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	<u>Fund Balance June 30, 2006</u>	<u>Fund Balance June 30, 2005</u>	<u>Increase (Decrease)</u>
General	\$ 7,370,760	\$ 7,681,014	\$ (310,254)
Permanent Improvement	1,992,065	1,599,602	392,463
Capital Projects	3,000,000	2,000,000	1,000,000
Other Governmental	<u>254,383</u>	<u>107,283</u>	<u>147,100</u>
Total	<u>\$ 12,617,208</u>	<u>\$ 11,387,899</u>	<u>\$ 1,229,309</u>

General Fund

The District's general fund balance decreased \$310,254. The decrease in fund balance can be partially attributed to transfers out to other funds. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

	<u>2006</u>	<u>2005</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 5,587,010	\$ 5,990,431	(6.73) %
Earnings on investments	459,036	257,633	78.17 %
Intergovernmental - State	8,551,040	8,333,742	2.61 %
Other revenues	<u>288,796</u>	<u>313,898</u>	(8.00) %
Total	<u>\$ 14,885,882</u>	<u>\$ 14,895,704</u>	(0.07) %
<u>Expenditures</u>			
Instruction	\$ 8,444,489	\$ 7,626,029	10.73 %
Support services	4,523,976	4,382,660	3.22 %
Extracurricular activities	56,041	35,427	58.19 %
Capital outlay	35,137	118,311	(70.30) %
Debt service	<u>104,982</u>	<u>193,136</u>	(45.64) %
Total	<u>\$ 13,164,625</u>	<u>\$ 12,355,563</u>	6.55 %

Permanent Improvement Fund

The permanent improvement fund had a \$1,000,000 transfer in from the general fund and \$607,537 in expenditures. The permanent improvement fund's fund balance increased \$392,463 from \$1,599,602 to \$1,992,065.

Capital Projects Fund

The capital projects fund had a \$1,000,000 transfer in from the general fund. The capital projects fund's fund balance increased \$1,000,000 from \$2,000,000 to \$3,000,000.

General Fund Budgeting Highlights

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

During the course of fiscal year 2006, the District amended its general fund budget two times. For the general fund, final budgeted revenues and other financing sources were \$14,393,771, which is more than the original budgeted revenues estimate of \$14,378,771. Actual revenues and other financing sources for fiscal year 2006 was \$15,339,377. This represents a \$945,606 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$15,139,334 were increased by \$30,000 to \$15,169,334 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$15,373,010, which was \$203,676 more than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the District had \$2,870,657 invested in land, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2006 balances compared to 2005:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

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

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 25,000	\$ 25,000
Building and improvements	1,015,851	1,098,721
Furniture and equipment	1,699,040	1,686,782
Vehicles	<u>130,766</u>	<u>73,743</u>
Total	<u>\$ 2,870,657</u>	<u>\$ 2,884,246</u>

The overall decrease in capital assets of \$13,589 is primarily due to disposals of \$38,295 (net of accumulated depreciation) and depreciation expense of \$428,686 exceeding capital outlays of \$453,392 for fiscal year 2006.

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

Debt Administration

At June 30, 2006, the District had \$643,628 in energy conservation bonds and capital lease obligations outstanding. Of this total, \$68,576 is due within one year and \$575,052 is due within more than one year. The following table summarizes the notes and leases outstanding.

Outstanding Debt at June 30

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
Energy conservation bonds	\$ 520,000	\$ 560,000
Capital lease obligations	<u>123,628</u>	<u>112,881</u>
Total	<u>\$ 643,628</u>	<u>\$ 672,881</u>

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

Current Financial Related Activities

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. As the preceding information shows, the general fund cash balance was \$7,637,416 at June 30, 2006. The general fund cash balance includes the cash balance of rotary funds. On a GAAP basis, these amounts are consolidated with the general fund. Fiscal year-end general fund cash balance was \$7,338,911 at June 30 in fiscal year 2005. This small increase of \$298,505 indicates that the district is maintaining a healthy cash balance. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance, replace the 1 mill five year operating levy in 1999, and renew it again in November 2003 and continue a quality, comprehensive educational program.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)

With Board guidance, the recent fiscal year budgets have been carefully managed in order to avoid additional tax millage above the current 4.7 voted mills that is being collected at 2.23 effective mills. In November 2003, the Board submitted, and the electors of the District approved (by a vote of 61.26% to 38.74%) a 1-mill renewal tax for the purpose of current expenses for a third five year period of time. That levy is expected to generate approximately \$1,750,000 annually. By monitoring its five-year forecast, the Board was able to request voter approval early in the forecast cycle to maintain the same millage and not face possible reductions in educational programming. The Board is committed to utilizing the funds the District receives from the renewal levy to increase teacher salaries and purchase instructional materials, textbooks, and technology. Substantial funds are also being set aside for vocational equipment and building repair and maintenance. It is anticipated that additional operating funds from local taxes will be necessary again in fiscal year 2010.

Several significant legislative and judicial actions have occurred that will have a major impact on our School District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." The state has not yet developed a school-funding plan that has been deemed acceptable by the Court, and ultimate resolution still seems to be some time in the future. There is concern that the state may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the state budget. The biennial budget approved by the state for fiscal years 2004 and 2005 have been helpful to the funding situation for Pioneer Career and Technology Center, but future funding increases remain uncertain. Changes to the state's school foundation funding formula did not bode well for additional revenue. Increases in enrollment over the past three years are a trend that has generated some additional revenue for the general fund, but this trend is not expected to continue.

Another challenge facing the District is the need to update its facilities to streamline operations and to enhance learning space design for students. The Board has done a preliminary building assessment in anticipation of the approval of building assistance funding through the Ohio School Facilities Commission. OSFC funding will comprise approximately 75% of the approved project costs; thus, it is important to capture this revenue source to relieve some of the financial burden from local taxpayers. As the facility is now thirty eight years old, there are many updates, repairs and upgrades needed to continue quality vocational programming and protect the taxpayers investment for future students.

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 13,107,366
Cash with fiscal agent.	954,153
Receivables:	
Taxes	6,177,939
Accounts	149,603
Intergovernmental	51,790
Accrued interest	201,902
Prepayments	28,984
Materials and supplies inventory	90,943
Capital assets:	
Land	25,000
Depreciable capital assets, net	2,845,657
Capital assets, net.	2,870,657
 Total assets.	 23,633,337
Liabilities:	
Accounts payable.	298,529
Accrued wages and benefits	1,064,202
Pension obligation payable.	177,238
Intergovernmental payable	79,902
Deferred revenue	5,016,741
Accrued interest payable	2,276
Claims payable	189,168
Long-term liabilities:	
Due within one year.	351,354
Due within more than one year	1,574,602
 Total liabilities	 8,754,012
Net Assets:	
Invested in capital assets, net of related debt.	2,227,029
Restricted for:	
Capital projects	5,028,253
State funded programs.	15,523
Federally funded programs.	5,875
Other purposes	65,263
Unrestricted.	7,537,382
 Total net assets	 \$ 14,879,325

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 595,526	\$ -	\$ -	\$ (595,526)
Special	361,813	8,024	4,204	(349,585)
Vocational	8,441,885	177,155	393,098	(7,871,632)
Adult	441,215	240,349	292,423	91,557
Other	46,423	-	-	(46,423)
Support services:				
Pupil	1,043,024	55,038	220,169	(767,817)
Instructional staff	948,147	138,924	237,675	(571,548)
Board of education	55,591	-	-	(55,591)
Administration	1,209,687	15,740	25,940	(1,168,007)
Fiscal	439,788	-	10,271	(429,517)
Business	130,322	-	-	(130,322)
Operations and maintenance	1,166,173	-	1,219	(1,164,954)
Pupil transportation	4,775	-	281	(4,494)
Central	162,467	-	14,413	(148,054)
Operation of non-instructional services:				
Food service operations	397,525	247,671	110,710	(39,144)
Extracurricular activities	61,209	-	-	(61,209)
Interest and fiscal charges	40,416	-	-	(40,416)
Total governmental activities	\$ 15,545,986	\$ 882,901	\$ 1,310,403	(13,352,682)
General Revenues:				
Property taxes levied for:				
General purposes				5,490,019
Grants and entitlements not restricted to specific programs				8,587,040
Investment earnings				496,040
Miscellaneous				292,836
Total general revenues				14,865,935
Change in net assets				1,513,253
Net assets at beginning of year				13,366,072
Net assets at end of year				\$ 14,879,325

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 7,545,108	\$ 2,010,315	\$ 3,000,000	\$ 486,680	\$ 13,042,103
Receivables:					
Taxes	6,177,939	-	-	-	6,177,939
Accounts	14,051	-	-	135,552	149,603
Intergovernmental	-	-	-	51,790	51,790
Accrued interest	201,902	-	-	-	201,902
Interfund loans	103,250	-	-	-	103,250
Prepayments	28,984	-	-	-	28,984
Materials and supplies inventory	56,307	-	-	34,636	90,943
Restricted assets:					
Equity in pooled cash and cash equivalents	65,263	-	-	-	65,263
Total assets	<u>\$ 14,192,804</u>	<u>\$ 2,010,315</u>	<u>\$ 3,000,000</u>	<u>\$ 708,658</u>	<u>\$ 19,911,777</u>
Liabilities:					
Accounts payable	\$ 187,550	\$ 18,250	\$ -	\$ 92,729	\$ 298,529
Accrued wages and benefits	896,582	-	-	167,621	1,064,203
Compensated absences payable	9,936	-	-	-	9,936
Pension obligation payable	132,418	-	-	44,820	177,238
Intergovernmental payable	70,034	-	-	9,867	79,901
Interfund loans payable	-	-	-	103,250	103,250
Deferred revenue	5,525,524	-	-	35,988	5,561,512
Total liabilities	<u>6,822,044</u>	<u>18,250</u>	<u>-</u>	<u>454,275</u>	<u>7,294,569</u>
Fund Balances:					
Reserved for encumbrances	148,406	372,344	-	68,801	589,551
Reserved for materials and supplies inventory	56,307	-	-	34,636	90,943
Reserved for prepayments	28,984	-	-	-	28,984
Reserved for property tax unavailable for appropriation	733,789	-	-	-	733,789
Reserved for budget stabilization	65,263	-	-	-	65,263
Unreserved:					
Designated for budget stabilization	174,374	-	-	-	174,374
Undesignated, reported in:					
General fund	6,163,637	-	-	-	6,163,637
Special revenue funds	-	-	-	114,758	114,758
Capital projects funds	-	1,619,721	3,000,000	36,188	4,655,909
Total fund balances	<u>7,370,760</u>	<u>1,992,065</u>	<u>3,000,000</u>	<u>254,383</u>	<u>12,617,208</u>
Total liabilities and fund balances	<u>\$ 14,192,804</u>	<u>\$ 2,010,315</u>	<u>\$ 3,000,000</u>	<u>\$ 708,658</u>	<u>\$ 19,911,777</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

Total governmental fund balances		\$ 12,617,208
<i>Amounts reported for governmental activities in 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.		2,870,657
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 376,969	
Intergovernmental revenue	35,988	
Accrued interest	131,814	
Total		544,771
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		764,985
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(2,276)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(1,272,392)	
Energy conservation bonds payable	(520,000)	
Capital lease obligations	(123,628)	
Total		(1,916,020)
Net assets of governmental activities		\$ 14,879,325

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 5,587,010	\$ -	\$ -	\$ -	\$ 5,587,010
Tuition.	-	-	-	434,474	434,474
Charges for services.	-	-	-	247,671	247,671
Earnings on investments.	459,036	-	-	3,574	462,610
Extracurricular.	-	-	-	12,885	12,885
Classroom materials and fees	-	-	-	163,736	163,736
Other local revenues.	288,796	-	-	11,650	300,446
Other revenue	-	-	-	16,525	16,525
Intergovernmental - State.	8,551,040	-	-	633,168	9,184,208
Intergovernmental - Federal	-	-	-	718,615	718,615
Total revenue	<u>14,885,882</u>	<u>-</u>	<u>-</u>	<u>2,242,298</u>	<u>17,128,180</u>
Expenditures:					
Current:					
Instruction:					
Regular	577,023	-	-	-	577,023
Special.	384,198	-	-	9,233	393,431
Vocational.	7,483,268	549,468	-	569,658	8,602,394
Adult	-	-	-	425,628	425,628
Other.	-	-	-	46,423	46,423
Support services:					
Pupil.	778,965	-	-	285,121	1,064,086
Instructional staff	593,791	-	-	351,434	945,225
Board of education	55,591	-	-	-	55,591
Administration.	1,144,799	-	-	46,966	1,191,765
Fiscal	423,333	-	-	10,613	433,946
Business	133,532	-	-	3,678	137,210
Operations and maintenance.	1,245,571	-	-	1,260	1,246,831
Pupil transportation	100	-	-	290	390
Central.	148,294	-	-	14,173	162,467
Food service operations	-	-	-	387,184	387,184
Extracurricular activities.	56,041	-	-	-	56,041
Facilities acquisition and construction	-	58,069	-	-	58,069
Capital outlay	35,137	-	-	-	35,137
Debt service:					
Principal retirement	64,390	-	-	-	64,390
Interest and fiscal charges	40,592	-	-	-	40,592
Total expenditures	<u>13,164,625</u>	<u>607,537</u>	<u>-</u>	<u>2,151,661</u>	<u>15,923,823</u>
Excess of revenues over (under) expenditures.	<u>1,721,257</u>	<u>(607,537)</u>	<u>-</u>	<u>90,637</u>	<u>1,204,357</u>
Other financing sources (uses):					
Transfers in	-	1,000,000	1,000,000	61,276	2,061,276
Transfers (out).	(2,061,276)	-	-	-	(2,061,276)
Capital lease transaction.	35,137	-	-	-	35,137
Total other financing sources (uses)	<u>(2,026,139)</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>61,276</u>	<u>35,137</u>
Net change in fund balances	(304,882)	392,463	1,000,000	151,913	1,239,494
Fund balances at beginning of year	7,681,014	1,599,602	2,000,000	107,283	11,387,899
Decrease in reserve for inventory	(5,372)	-	-	(4,813)	(10,185)
Fund balances at end of year.	<u>\$ 7,370,760</u>	<u>\$ 1,992,065</u>	<u>\$ 3,000,000</u>	<u>\$ 254,383</u>	<u>\$ 12,617,208</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds	\$	1,239,494
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 453,392	
Current year depreciation	<u>(428,686)</u>	
Total		24,706
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(38,295)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(10,185)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(96,991)	
Intergovernmental revenue	(5,380)	
Accrued interest	<u>10,713</u>	
Total		(91,658)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		40,000
Proceeds of capital leases are recorded as revenue in the funds, however on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
		(35,137)
Principal payments on capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		24,390
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
Accrued interest		176
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.		
		(83,468)
The internal service fund used by management to charge the costs of health insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net expense of the internal service fund is allocated among the governmental activities.		
		<u>443,230</u>
Change in net assets of governmental activities	\$	<u>1,513,253</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 5,541,234	\$ 5,547,015	\$ 5,911,429	\$ 364,414
Earnings on investments.	408,866	409,292	436,181	26,889
Other local revenues	238,430	238,679	254,359	15,680
Intergovernmental - State	8,015,545	8,023,906	8,551,040	527,134
Total revenue	<u>14,204,075</u>	<u>14,218,892</u>	<u>15,153,009</u>	<u>934,117</u>
Expenditures:				
Current:				
Instruction:				
Regular	573,922	575,059	582,780	(7,721)
Special.	366,242	366,968	371,895	(4,927)
Vocational.	7,446,225	7,460,981	7,561,158	(100,177)
Support services:				
Pupil	781,189	782,737	793,247	(10,510)
Instructional staff	599,062	600,250	608,309	(8,059)
Board of education	54,484	54,592	55,325	(733)
Administration.	1,114,117	1,116,324	1,131,313	(14,989)
Fiscal	415,671	416,495	422,087	(5,592)
Business	119,674	119,911	121,521	(1,610)
Operations and maintenance.	1,220,190	1,222,608	1,239,024	(16,416)
Pupil transportation	429	430	436	(6)
Central.	163,356	163,679	165,877	(2,198)
Extracurricular activities.	59,904	60,023	60,829	(806)
Debt service:				
Principal retirement	39,392	39,470	40,000	(530)
Interest and fiscal charges	29,233	29,291	29,684	(393)
Total expenditures	<u>12,983,090</u>	<u>13,008,818</u>	<u>13,183,485</u>	<u>(174,667)</u>
Excess of revenues over expenditures.	<u>1,220,985</u>	<u>1,210,074</u>	<u>1,969,524</u>	<u>759,450</u>
Other financing sources (uses):				
Refund of prior year expenditure.	30,845	30,877	32,906	2,029
Transfers in.	23,434	23,459	25,000	1,541
Transfers (out)	(2,054,563)	(2,058,634)	(2,086,275)	(27,641)
Advances in.	120,417	120,543	128,462	7,919
Advances (out)	(101,681)	(101,882)	(103,250)	(1,368)
Total other financing sources (uses)	<u>(1,981,548)</u>	<u>(1,985,637)</u>	<u>(2,003,157)</u>	<u>(17,520)</u>
Net change in fund balance	(760,563)	(775,563)	(33,633)	741,930
Fund balance at beginning of year.	7,199,682	7,199,682	7,199,682	-
Prior year encumbrances appropriated	139,229	139,229	139,229	-
Fund balance at end of year	<u>\$ 6,578,348</u>	<u>\$ 6,563,348</u>	<u>\$ 7,305,278</u>	<u>\$ 741,930</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2006

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash with fiscal agent.	\$ 954,153
Total assets.	<u>954,153</u>
Liabilities:	
Claims payable	<u>189,168</u>
Total liabilities.	<u>189,168</u>
Net assets:	
Unrestricted.	<u>764,985</u>
Total net assets.	<u><u>\$ 764,985</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Sales/charges for services	\$ 1,714,697
Operating expenses:	
Purchased services	224
Claims expense.	<u>1,293,960</u>
Total operating expenses.	<u>1,294,184</u>
Operating income.	<u>420,513</u>
Nonoperating revenue:	
Interest revenue	<u>22,717</u>
Change in net assets	443,230
Net assets at beginning of year	<u>321,755</u>
Net assets at end of year	<u><u>\$ 764,985</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 1,714,697
Cash payments for purchased services	(224)
Cash payments for claims expenses	(1,349,770)
	364,703
Cash flows from investing activities:	
Interest received	22,717
	387,420
Net increase in cash and cash equivalents.	566,733
Cash and cash equivalents at beginning of year . . .	954,153
Cash and cash equivalents at end of year.	\$ 364,703
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income.	\$ 420,513
Decrease in claims payable.	(55,810)
	364,703
Net cash provided by operating activities	\$ 364,703

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 163,993	\$ 460,934
Total assets.	<u>163,993</u>	<u>\$ 460,934</u>
Liabilities:		
Accounts payable.	-	\$ 36,796
Intergovernmental payable.	-	383,889
Due to students	<u>-</u>	<u>40,249</u>
Total liabilities	<u>-</u>	<u>\$ 460,934</u>
Net Assets:		
Held in trust for scholarships	<u>163,993</u>	
Total net assets	<u>\$ 163,993</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 6,052
Gifts and contributions.	14,202
	20,254
Total additions.	20,254
Deductions:	
Scholarships awarded	5,579
	14,675
Change in net assets	14,675
Net assets at beginning of year	149,318
Net assets at end of year.	\$ 163,993

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE 1 - DESCRIPTION OF THE CENTER

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 service operations, extracurricular activities, and nonprogrammed services. It is staffed by 36 non-certificated employees and 126 certificated full-time teaching personnel, who provide services to 1,097 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, 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 organizations' 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. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

JOINT VENTURE WITHOUT EQUITY INTEREST

Heartland Council of Governments (the "COG")

The COG is a joint venture among 16 school districts, 1 educational service center, 1 career and technology center (the District), and a consortium of community schools. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic technology to administrative and instructional functions. Each member district supports the COG based on a per pupil charge dependent upon the software package utilized. In the event of dissolution of the COG, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contribution. The COG is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in the COG as a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. The District serves as fiscal agent for the COG and financial activity for fiscal year 2006 is reported in the financial statements as an agency fund.

PUBLIC ENTITY RISK POOLS

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

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

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

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.

GOVERNMENTAL FUNDS

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

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

**PIONEER CAREER AND TECHNOLOGY CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

Permanent Improvement Fund – The permanent improvement fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Ohio Revised Code.

Capital Projects Fund – The capital projects fund is used to accumulate money for various capital projects.

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

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

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

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

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

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

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

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

D. Basis of Accounting

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

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

Deferred Revenue - Deferred revenue arises 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, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair 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. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

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 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificates issued for fiscal year 2006.
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.
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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts.

All supplemental appropriations were legally enacted by the Board during fiscal year 2006.

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 Cash Equivalents" on the basic financial statements.

During fiscal year 2006, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, 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 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2006.

Under existing Ohio statutes all investment earning 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 2006 amounted to \$459,036, which includes \$178,769 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.

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

G. Inventory

On government-wide and fund financial statements, inventories are presented on a first-in, first-out basis and are expensed when purchased. Inventories are accounted for using the purchase method.

**PIONEER CAREER AND TECHNOLOGY CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

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

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

H. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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. The District maintains a capitalization threshold of \$1,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the 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:

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables." These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and severance 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2006, 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 severance 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 severance payments has been calculated using pay rates in effect at June 30, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves/Designations

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax unavailable for appropriation and budget stabilization. The reserve for property tax unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute. The amount set-aside by the School Board for budget stabilization is reported as a designation of fund balance in the general fund.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the employee healthcare self-insurance program. Operating expenses are necessary costs incurred to provide services that are the primary activity of the fund.

N. 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 adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2006, there were no net assets restricted by enabling legislation.

O. Prepayments

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

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

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. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set-aside for budget stabilization. See Note 16 for details.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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

R. 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.

S. 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 2006.

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

A. Changes in Accounting Principles

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 42, GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2006 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Other Grant	\$ 1,346
Public School Preschool	11,177
Vocational Education Enhancements	23,239
Adult Basic Education	1,000
Miscellaneous State Grants	19,796
Improving Teacher Quality	3,832
Title VI	990
Success Unlimited	20,073
IDEA Part B Grants	28,585
Vocational Education	33,470

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. 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 result from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
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.

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

A. Cash on Hand

At 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 Cash Equivalents."

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash with Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2006 was \$954,153 and is not included in "Deposits with Financial Institutions" below.

C. Deposits with Financial Institutions

At June 30, 2006, the carrying amount of all District deposits was \$8,271,379. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$5,764,713 of the District's bank balance of \$8,439,533 was exposed to custodial risk as discussed below, while \$2,674,820 was covered by Federal Deposit Insurance Corporation.

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.

D. Investments

As of June 30, 2006, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	\$ 1,647,378	\$ 1,647,378	\$ -	\$ -	\$ -	\$ -
FHLB	2,969,064	598,250	989,033	596,000	292,876	492,905
FHLMC	296,328	296,328	-	-	-	-
FNMA	547,719	547,719	-	-	-	-
	<u>\$ 5,460,489</u>	<u>\$ 3,089,675</u>	<u>\$ 989,033</u>	<u>\$ 596,000</u>	<u>\$ 292,876</u>	<u>\$ 492,905</u>

The weighted average maturity of investments is .66 years.

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

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

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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,647,378	30.17
FHLB	2,969,064	54.37
FHLMC	296,328	5.43
FNMA	547,719	10.03
	<u>\$ 5,460,489</u>	<u>100.00</u>

E. Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statements of net assets as of June 30, 2006:

<u>Cash and Investments per note</u>	
Carrying amount of deposits	\$ 8,271,379
Investments	5,460,489
Cash with fiscal agent	954,153
Cash on hand	425
Total	<u>\$ 14,686,446</u>

<u>Cash and Cash Equivalents per Statements of Net Assets</u>	
Governmental activities	\$ 14,061,519
Private-purpose trust funds	163,993
Agency funds	460,934
Total	<u>\$ 14,686,446</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2006 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 103,250

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, 2006 are reported on the statement of net assets.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

- B.** Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Transfers from General fund to:	
Permanent improvement fund	\$1,000,000
Capital projects fund	1,000,000
Nonmajor governmental funds	61,276

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

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

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District's 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, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-one percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Richland, Ashland, Crawford, Huron, Morrow, Marion, Wyandot and Seneca Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$733,789 in the general fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2005 was \$1,011,559 in the general fund.

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

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 1,805,732,850	81.98	\$ 1,954,793,710	81.72
Public Utility Personal	106,444,440	4.83	177,362,960	7.42
Tangible Personal Property	<u>290,610,078</u>	<u>13.19</u>	<u>259,745,090</u>	<u>10.86</u>
Total	<u>\$ 2,202,787,368</u>	<u>100.00</u>	<u>\$ 2,391,901,760</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:	\$ 4.70		\$ 4.70	

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2006 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

Governmental Activities:

Taxes	\$ 6,177,939
Accounts	149,603
Intergovernmental	51,790
Accrued interest	<u>201,902</u>
Total	<u>\$ 6,581,234</u>

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Total capital assets, not being depreciated	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	4,095,007	-	-	4,095,007
Furniture and equipment	4,731,566	359,820	(81,467)	5,009,919
Vehicles	<u>244,143</u>	<u>93,572</u>	<u>(21,500)</u>	<u>316,215</u>
Total capital assets, being depreciated	<u>9,070,716</u>	<u>453,392</u>	<u>(102,967)</u>	<u>9,421,141</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(2,996,286)	(82,870)	-	(3,079,156)
Furniture and equipment	(3,044,784)	(319,992)	53,897	(3,310,879)
Vehicles	<u>(170,400)</u>	<u>(25,824)</u>	<u>10,775</u>	<u>(185,449)</u>
Total accumulated depreciation	<u>(6,211,470)</u>	<u>(428,686)</u>	<u>64,672</u>	<u>(6,575,484)</u>
Governmental activities capital assets, net	<u>\$ 2,884,246</u>	<u>\$ 24,706</u>	<u>\$ (38,295)</u>	<u>\$ 2,870,657</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

NOTE 8 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 24,112
Special	4,801
Vocational	287,013
Other	5,292
Support Services:	
Pupil	3,112
Instructional staff	8,118
Administration	37,041
Fiscal	1,062
Business	2,129
Operations and maintenance	28,355
Pupil transportation	4,385
Food Service Operations	18,098
Extracurricular activities	<u>5,168</u>
Total depreciation expense	<u>\$ 428,686</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Capital assets consisting of copiers and a postage machine have been capitalized in the amount of \$154,903. This amount represents the present value of the minimum lease payments at the time of acquisition. As of June 30, 2006 accumulated depreciation was \$40,598, resulting in a net carrying value of \$114,305. 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 2006 totaled \$24,390 paid by the general fund.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE – (Continued)

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, 2006:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2007	\$ 38,664
2008	38,664
2009	37,840
2010	28,127
2011	<u>3,654</u>
Total minimum lease payments	146,949
Less amount representing interest	<u>(23,321)</u>
Total	<u>\$ 123,628</u>

NOTE 10 - LONG-TERM OBLIGATIONS

- A. In prior 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.

The following is a description of the District's energy conservation bonds outstanding as of June 30, 2006:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance June 30, 2005</u>	<u>Retired in 2006</u>	<u>Balance June 30, 2006</u>
Energy conservation bonds	5.51%	08/01/00	12/01/15	<u>\$ 560,000</u>	<u>\$ (40,000)</u>	<u>\$ 520,000</u>

- B. Principal and interest requirements to retire energy conservation bonds at June 30, 2006, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2007	\$ 40,000	\$ 27,654	\$ 67,654
2008	45,000	25,464	70,464
2009	45,000	23,113	68,113
2010	45,000	20,728	65,728
2011	50,000	18,174	68,174
2012 - 2016	<u>295,000</u>	<u>44,047</u>	<u>339,047</u>
Total	<u>\$ 520,000</u>	<u>\$ 159,180</u>	<u>\$ 679,180</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

	Balance Outstanding <u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2006</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
Energy conservation bonds	\$ 560,000	\$ -	\$ (40,000)	\$ 520,000	\$ 40,000
Capital lease obligations	112,881	35,137	(24,390)	123,628	28,576
Compensated absences	<u>1,206,953</u>	<u>380,784</u>	<u>(305,409)</u>	<u>1,282,328</u>	<u>282,778</u>
Total long-term obligations, governmental activities	<u>\$ 1,879,834</u>	<u>\$ 415,921</u>	<u>\$ (369,799)</u>	<u>\$ 1,925,956</u>	<u>\$ 351,354</u>

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 effects of these debt limitations at June 30, 2006 are a voted debt margin of \$215,271,158, an unvoted debt margin of \$2,391,902, and an unvoted energy conservation debt margin of \$21,007,116.

NOTE 11 - RISK MANAGEMENT

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 Selective Insurance Company of South Carolina through Marsh USA Inc. for general liability, school board legal liability, employee benefits liability, auto liability, property and crime coverage's. Commercial general liability has a \$1,000,000 per occurrence, \$3,000,000 aggregate limit. Crime coverage is also provided with a limit of \$500,000, for public employee dishonesty, forgery, and money and securities with a \$1,000 deductible. Umbrella coverage of \$5,000,000 per occurrence, \$5,000,000 aggregate limit was provided by Westchester Fire Insurance Company. Boiler and machinery coverage is provided by Federal Insurance Company in the amount of \$50,000,000 with a deductible of \$2,500.

Vehicles are covered by Selective Insurance Company of South Carolina and carry a \$1,000 physical damage deductible. Automobile liability has a \$1,000,000 combined single limit of liability. The aforementioned umbrella policy is above the auto as well.

Public officials bond insurance is provided by Travelers Casualty and Surety Company of America for a total of \$260,000. The Treasurer's bond is provided by Ohio Casualty Insurance Company in the amount of \$20,000. School leaders errors and omissions policy is provided by Selective Insurance Company of South Carolina in the aggregate amount of \$1,000,000, with a \$5,000 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 11 - RISK MANAGEMENT - (Continued)

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.

A. 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, American Administrative Group, located in Lisle, Illinois, reviews and pays all claims. The administrator purchases stop-loss coverage of \$35,000 per employee. The District pays into the self-insurance Internal Service fund \$991.96 for family coverage and \$506.48 for individual coverage per employee per month, which represents the entire premium required. This premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$189,168 reported in the fund at June 30, 2006 is based on the requirements of GASB Statement No. 10 which requires that a liability for unpaid claims cost, including estimated of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability for fiscal year 2006 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>
2006	\$ 244,978	\$ 1,293,960	\$ (1,349,770)	\$ 189,168
2005	380,884	1,336,435	(1,472,341)	244,978

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.

B. Workers' Compensation

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). 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 of 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 to the GRP.

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(Continued)**

NOTE 12 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$226,458, \$223,027, and \$191,100 respectively; 100 percent has been contributed for fiscal years 2006, 2005 and 2004.

B. State Teachers Retirement System of Ohio

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 12 – DEFINED BENEFIT 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2006, 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 recommendation 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 to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004 were \$979,960, \$940,677, and \$900,570, respectively; 100 percent has been contributed for fiscal years 2006, 2005, and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$6,072 made by the District and \$26,615 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or STRS Ohio have an option to choose Social Security or SERS/ STRS Ohio. As of June 30, 2006, 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

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

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$75,382 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS Ohio were \$254.780 million and STRS Ohio had 115,395 eligible benefit recipients.

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(Continued)**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$109,270 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contribution for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants currently receiving health care benefits.

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 Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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:

	<u>General Fund</u>
Net Change in Fund Balance	
Budget basis	\$ (33,633)
Net adjustment for revenue accruals	(267,127)
Net adjustment for expenditure accruals	(313,278)
Net adjustment for other sources/uses	(22,982)
Adjustment for encumbrances	<u>332,138</u>
GAAP basis	<u>\$ (304,882)</u>

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 16 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2005	\$ (1,587,302)	\$ -	\$ 65,263
Current year set-aside requirement	169,321	169,321	-
Qualifying disbursements	<u>(404,231)</u>	<u>(501,062)</u>	<u>-</u>
Total	<u>\$ (1,822,212)</u>	<u>\$ (331,741)</u>	<u>\$ 65,263</u>
Balance carried forward to FY 2007	<u>\$ (1,822,212)</u>	<u>\$ -</u>	<u>\$ 65,263</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

NOTE 16 - STATUTORY RESERVES – (Continued)

Effective April 10, 2001 the Ohio legislative passed Am. Sub. Senate Bill 345 that addressed H.B. 412 set-aside requirements. The requirement for establishment of a budget reserve set-aside has been deleted from the law. A District may still establish a reserve, if it so chooses; however, the requirement is no longer mandatory. Monies in the budget reserve set-aside as of April 10, 2001 are classified in two categories: (1) Bureau of Workers' Compensation (BWC) refunds and (2) the balance of the reserve which does not represent BWC refunds. The statute includes specific purposes for which the monies representing BWC refunds can be used.

The District has elected to maintain the budget reserve until a future determination on the use of the funds can be made. The amount of the former budget stabilization reserve identified as Bureau of Worker's compensation refunds is classified as Reserved for Budget Stabilization and the remaining balance has been classified as Fund Balance - Designated.

The amount of the former budget stabilization reserve classified as Fund Balance - Designated is \$174,374.

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

Although the District had qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of restricted assets at June 30, 2006 follows:

Amount restricted for budget stabilization	<u>\$ 65,263</u>
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**PIONEER CAREER AND TECHNOLOGY CENTER:
A VOCATIONAL SCHOOL DISTRICT
RICHLAND COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through the Ohio Department of Education:</i>						
Food Donation	N/A	10.550		\$19,863		\$19,863
Child Nutrition Cluster:						
School Breakfast Program	051417-05-PU 05	10.553	\$3,050		\$3,050	
	051417-05-PU 06		11,193		11,193	
Total School Breakfast Program			14,243		14,243	
National School Lunch Program	051417-LL-P4 02	10.555	(3,775)		(3,775)	
	051417-LL-P4 03		(5,783)		(5,783)	
	051417-LL-P4 05		12,718		12,718	
	051417-LL-P4 06		63,150		63,150	
Total National School Lunch Program			66,310		66,310	
Total Child Nutrition Cluster			80,553		80,553	
Total U.S. Department of Agriculture			80,553	19,863	80,553	19,863
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Program:</i>						
Federal Pell Grant Program	N/A	84.063	46,351		46,351	
<i>Passed through the Ohio Department of Education:</i>						
Adult Education_State Grant Program	051417-AB-S1 05	84.002	(4,745)			
	051417-AB-S1 06		4,745			
	051417-AB-S1 06		62,382		62,382	
Total Adult Education_State Grant Program			62,382		62,382	
Special Education_Grants to States	051417-6B-S3-05	84.027	34,589		39,987	
Vocational Education_Basic Grants to States	051417-20-C1 05	84.048	89,914		69,465	
	051417-20-A0 05		24,931		14,786	
	051417-20-C1 06		345,955		328,332	
<i>Passed through the Madison Local School District:</i>						
Vocational Education_Basic Grants to States	051417-20-C2 05	84.048	39,301		39,301	
Total Vocational Education_Basic Grants to States			500,101		451,884	
<i>Passed through the Ohio Department of Education:</i>						
Safe and Drug-Free Schools and Communities_State Grants	051417-DR-S1 06	84.186	3,462		3,000	
State Grants for Innovative Programs	051417-C2-S1 05	84.298	8,481		8,054	
	051417-C2-S1 06		2,497		1,776	
Total State Grants for Innovative Programs			10,978		9,830	
Vocational Education_Occupational and Employment Information State Grants	051417-OE-00 05	84.346	27,000		(922)	
Improving Teacher Quality State Grants	051417-TR-S1 05	84.367	5,300		517	
	051417-TR-S1 06		10,141		9,997	
Total Improving Teacher Quality State Grants			15,441		10,514	
Total U.S. Department of Education			700,304		623,026	
<u>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Passed through the Ohio Department of Education:</i>						
Learn and Serve America_School and Community Based Programs	051417-SV-S1-05	94.004	1,005		197	
Totals			<u>\$781,862</u>	<u>\$19,863</u>	<u>\$703,776</u>	<u>\$19,863</u>

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

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – 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 (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE C – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated January 25, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under Government Auditing Standards. In a separate letter to the District's management dated January 25, 2007, we reported other matters related to noncompliance we deemed immaterial.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
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www.auditor.state.oh.us

Pioneer Career and Technology Center:
A Vocational School District
Richland County
Independent Accountants' Report on Internal Controls Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 25, 2007



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

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

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

Mary Taylor, CPA
Auditor of State

January 25, 2007

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

(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)?	No
(d)(1)(ii)	Were there any other reportable control weakness 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)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education_Basic Grants to States/ 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?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-01	26 U.S.C. Section 3402 and Ohio Rev. Code Section 5747.06 – Medicare was not withheld for three employees of the District.	Yes	Finding No Longer Valid.



Mary Taylor, CPA
Auditor of State

PIONEER CAREER AND TECHNOLOGY CENTER

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 27, 2007**