



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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 general purpose financial statements of the Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2002, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Pioneer Career and Technology Center:
A Vocational School District
Richland County
Independent Accountants' Report
Page 2

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

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

Betty Montgomery
Auditor of State

February 14, 2003

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PIONEER CAREER AND TECHNOLOGY CENTER
RICHLAND COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
ASSETS:			
Equity in pooled cash and cash equivalents.	\$ 5,518,356	\$ 157,389	\$ 951,368
Equity in pooled cash and cash equivalents - nonexpendable trust fund	-	-	-
Cash with fiscal agent	-	-	-
Receivables (net of allowances of uncollectibles):			
Property taxes - current and delinquent	5,672,463	-	-
Accounts	-	13,990	-
Accrued interest	173,982	-	-
Interfund loan receivable	550,000	-	-
Due from other governments	-	407,151	-
Materials and supplies inventory	34,310	-	-
Prepayments	17,937	-	-
Property, plant and equipment (net of accumulated depreciation where applicable).	-	-	-
Restricted assets:			
Equity in pooled cash and cash equivalents.	65,263	-	-
OTHER DEBITS:			
Amount to be provided for retirement of general long-term obligations	-	-	-
Total assets and other debits	\$ 12,032,311	\$ 578,530	\$ 951,368
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts payable	\$ 32,921	\$ 74,534	\$ 39,338
Accrued wages and benefits.	808,964	55,485	-
Compensated absences payable.	38,298	-	-
Pension obligation payable	94,335	6,515	-
Interfund loan payable	-	375,000	-
Deferred revenue	4,950,722	242,926	-
Due to other governments.	37,893	3,322	-
Due to students	-	-	-
Claims payable	-	-	-
General obligation bonds payable.	-	-	-
Energy conservation notes payable	-	-	-
Obligation under capital lease.	-	-	-
Total liabilities.	5,963,133	757,782	39,338
EQUITY AND OTHER CREDITS:			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings (accumulated deficit): unreserved.	-	-	-
Fund balances (deficit):			
Reserved for encumbrances	106,288	73,814	106,398
Reserved for materials and supplies inventory.	34,310	-	-
Reserved for prepayments	17,937	-	-
Reserved for tax revenue unavailable for appropriation.	875,992	-	-
Reserved for principal endowment	-	-	-
Reserved for BWC refunds	65,263	-	-
Unreserved-undesignated	4,969,388	(253,066)	805,632
Total equity and other credits	6,069,178	(179,252)	912,030
Total liabilities, equity and other credits.	\$ 12,032,311	\$ 578,530	\$ 951,368

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 181,370	\$ -	\$ 642,792	\$ -	\$ -	\$ 7,451,275
-	-	23,718	-	-	23,718
-	583,994	-	-	-	583,994
-	-	-	-	-	5,672,463
87,749	-	-	-	-	101,739
-	-	-	-	-	173,982
-	-	-	-	-	550,000
-	-	-	-	-	407,151
46,098	-	-	-	-	80,408
-	-	-	-	-	17,937
99,166	-	-	10,770,391	-	10,869,557
-	-	-	-	-	65,263
-	-	-	-	1,925,153	1,925,153
<u>\$ 414,383</u>	<u>\$ 583,994</u>	<u>\$ 666,510</u>	<u>\$ 10,770,391</u>	<u>\$ 1,925,153</u>	<u>\$ 27,922,640</u>
\$ 25,555	\$ -	\$ -	\$ -	\$ -	\$ 172,348
56,967	-	-	-	-	921,416
48,262	-	-	-	960,306	1,046,866
14,920	-	-	-	8,096	123,866
175,000	-	-	-	-	550,000
-	-	-	-	-	5,193,648
2,534	-	473,992	-	-	517,741
-	-	42,971	-	-	42,971
-	313,189	-	-	-	313,189
-	-	-	-	230,000	230,000
-	-	-	-	665,000	665,000
-	-	-	-	61,751	61,751
<u>323,238</u>	<u>313,189</u>	<u>516,963</u>	<u>-</u>	<u>1,925,153</u>	<u>9,838,796</u>
-	-	-	10,770,391	-	10,770,391
177,861	-	-	-	-	177,861
(86,716)	270,805	-	-	-	184,089
-	-	239	-	-	286,739
-	-	-	-	-	34,310
-	-	-	-	-	17,937
-	-	-	-	-	875,992
-	-	19,824	-	-	19,824
-	-	-	-	-	65,263
-	-	129,484	-	-	5,651,438
<u>91,145</u>	<u>270,805</u>	<u>149,547</u>	<u>10,770,391</u>	<u>-</u>	<u>18,083,844</u>
<u>\$ 414,383</u>	<u>\$ 583,994</u>	<u>\$ 666,510</u>	<u>\$ 10,770,391</u>	<u>\$ 1,925,153</u>	<u>\$ 27,922,640</u>

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PIONEER CAREER AND TECHNOLOGY CENTER
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$ 5,463,799	\$ -	\$ 150,789	\$ -	\$ -	\$ 5,614,588
Tuition	-	20,400	-	-	-	20,400
Earnings on investments	312,800	-	-	-	3,023	315,823
Extracurricular	-	13,804	-	-	-	13,804
Other local revenues	225,704	72,445	-	-	16,808	314,957
Other revenue	-	18,942	-	-	-	18,942
Intergovernmental - State	6,492,139	310,436	-	93,301	-	6,895,876
Intergovernmental - Federal	20,407	831,025	-	-	-	851,432
Total revenues	<u>12,514,849</u>	<u>1,267,052</u>	<u>150,789</u>	<u>93,301</u>	<u>19,831</u>	<u>14,045,822</u>
Expenditures:						
Current:						
Instruction:						
Regular	622,458	485	-	-	-	622,943
Special	258,393	1,764	-	-	-	260,157
Vocational	5,483,741	194,736	-	-	5,623	5,684,100
Other	172,605	262,061	-	-	-	434,666
Support services:						
Pupil	719,586	459,772	-	-	-	1,179,358
Instructional staff	607,868	481,028	-	8,500	-	1,097,396
Board of Education	32,752	-	-	-	-	32,752
Administration	837,842	42,656	-	-	-	880,498
Fiscal	397,448	11,140	-	-	-	408,588
Business	110,374	-	-	-	3,687	114,061
Operations and maintenance	933,878	1,630	-	-	-	935,508
Pupil transportation	22,710	-	-	-	-	22,710
Central	59,402	87,592	-	-	-	146,994
Extracurricular activities	31,461	-	-	-	-	31,461
Facilities acquisition and construction	-	-	-	682,467	-	682,467
Debt service:						
Principal retirement	22,532	-	100,000	-	-	122,532
Interest and fiscal charges	3,623	-	50,789	-	-	54,412
Total expenditures	<u>10,316,673</u>	<u>1,542,864</u>	<u>150,789</u>	<u>690,967</u>	<u>9,310</u>	<u>12,710,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,198,176</u>	<u>(275,812)</u>	<u>-</u>	<u>(597,666)</u>	<u>10,521</u>	<u>1,335,219</u>
Other financing sources (uses):						
Operating transfers in	2,000	8,820	-	1,000,000	-	1,010,820
Operating transfers out	(1,062,094)	(726)	-	-	-	(1,062,820)
Proceeds from sale of fixed assets	6,082	-	-	-	-	6,082
Total other financing sources (uses)	<u>(1,054,012)</u>	<u>8,094</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>(45,918)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>1,144,164</u>	<u>(267,718)</u>	<u>-</u>	<u>402,334</u>	<u>10,521</u>	<u>1,289,301</u>
Fund balances, July 1 (restated)	4,932,640	88,466	-	509,696	115,308	5,646,110
Decrease in reserve for inventory	(7,626)	-	-	-	-	(7,626)
Fund balances (deficit), June 30	<u>\$ 6,069,178</u>	<u>\$ (179,252)</u>	<u>\$ -</u>	<u>\$ 912,030</u>	<u>\$ 125,829</u>	<u>\$ 6,927,785</u>

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

PIONEER CAREER AND TECHNOLOGY CENTER
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 6,902,546	\$ 5,337,225	\$ (1,565,321)	\$ 17,763	\$ 13,200	\$ (4,563)
Earnings on investments	396,958	306,938	(90,020)	-	-	-
Extracurricular	-	-	-	18,576	13,804	(4,772)
Other local revenues	79,183	61,226	(17,957)	97,164	72,205	(24,959)
Other revenue	-	-	-	16,675	12,392	(4,283)
Intergovernmental - State	8,386,848	6,484,926	(1,901,922)	487,891	362,565	(125,326)
Intergovernmental - Federal	26,392	20,407	(5,985)	874,260	649,686	(224,574)
Total revenues	<u>15,791,927</u>	<u>12,210,722</u>	<u>(3,581,205)</u>	<u>1,512,329</u>	<u>1,123,852</u>	<u>(388,477)</u>
Expenditures:						
Current:						
Instruction:						
Regular	646,966	637,710	9,256	568	486	82
Special	252,435	248,823	3,612	2,060	1,764	296
Vocational	5,544,250	5,483,005	61,245	287,261	245,986	41,275
Other	-	-	-	280,048	239,809	40,239
Support services:						
Pupil	716,943	706,685	10,258	571,675	489,534	82,141
Instructional staff	623,866	614,940	8,926	547,205	468,579	78,626
Board of Education	47,202	46,527	675	-	-	-
Administration	878,808	866,235	12,573	48,172	41,250	6,922
Fiscal	405,251	399,453	5,798	13,969	11,962	2,007
Business	112,609	110,998	1,611	-	-	-
Operations and maintenance	1,026,536	1,011,849	14,687	1,904	1,630	274
Pupil transportation	25,774	25,405	369	-	-	-
Central	67,189	66,228	961	102,259	87,566	14,693
Extracurricular activities	37,863	37,321	542	-	-	-
Facilities acquisition & construction	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>10,385,692</u>	<u>10,255,179</u>	<u>130,513</u>	<u>1,855,121</u>	<u>1,588,566</u>	<u>266,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,406,235</u>	<u>1,955,543</u>	<u>(3,450,692)</u>	<u>(342,792)</u>	<u>(464,714)</u>	<u>(121,922)</u>
Other financing sources (uses):						
Advances in	368,586	285,000	(83,586)	504,624	375,000	(129,624)
Advances out	(557,983)	(550,000)	7,983	(87,701)	(75,100)	12,601
Operating transfers in	-	-	-	16,008	11,896	(4,112)
Operating transfers out	(1,077,509)	(1,062,093)	15,416	(5,290)	(4,530)	760
Proceeds from sale of fixed assets	7,866	6,082	(1,784)	-	-	-
Refund of prior year receipts	(2,193)	(2,162)	31	-	-	-
Refund of prior year expenditures	16,010	12,379	(3,631)	-	-	-
Total other financing sources (uses)	<u>(1,245,223)</u>	<u>(1,310,794)</u>	<u>(65,571)</u>	<u>427,641</u>	<u>307,266</u>	<u>(120,375)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>4,161,012</u>	<u>644,749</u>	<u>(3,516,263)</u>	<u>84,849</u>	<u>(157,448)</u>	<u>(242,297)</u>
Fund balances, July 1	4,478,369	4,478,369	-	123,989	123,989	-
Prior year encumbrances appropriated	263,329	263,329	-	101,484	101,484	-
Fund balances, June 30	<u>\$ 8,902,710</u>	<u>\$ 5,386,447</u>	<u>\$ (3,516,263)</u>	<u>\$ 310,322</u>	<u>\$ 68,025</u>	<u>\$ (242,297)</u>

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

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 150,789	\$ 150,789	\$ -	\$ -	\$ -	\$ -	\$ 7,071,098	\$ 5,501,214	\$ (1,569,884)
-	-	-	-	-	-	396,958	306,938	(90,020)
-	-	-	-	-	-	18,576	13,804	(4,772)
-	-	-	-	-	-	176,347	133,431	(42,916)
-	-	-	-	-	-	16,675	12,392	(4,283)
-	-	-	190,955	93,301	(97,654)	9,065,694	6,940,792	(2,124,902)
-	-	-	-	-	-	900,652	670,093	(230,559)
<u>150,789</u>	<u>150,789</u>	<u>-</u>	<u>190,955</u>	<u>93,301</u>	<u>(97,654)</u>	<u>17,646,000</u>	<u>13,578,664</u>	<u>(4,067,336)</u>
-	-	-	-	-	-	647,534	638,196	9,338
-	-	-	-	-	-	254,495	250,587	3,908
-	-	-	-	-	-	5,831,511	5,728,991	102,520
-	-	-	-	-	-	280,048	239,809	40,239
-	-	-	-	-	-	1,288,618	1,196,219	92,399
-	-	-	8,467	8,500	(33)	1,179,538	1,092,019	87,519
-	-	-	-	-	-	47,202	46,527	675
-	-	-	-	-	-	926,980	907,485	19,495
-	-	-	-	-	-	419,220	411,415	7,805
-	-	-	-	-	-	112,609	110,998	1,611
-	-	-	-	-	-	1,028,440	1,013,479	14,961
-	-	-	-	-	-	25,774	25,405	369
-	-	-	-	-	-	169,448	153,794	15,654
-	-	-	-	-	-	37,863	37,321	542
-	-	-	912,976	916,553	(3,577)	912,976	916,553	(3,577)
100,000	100,000	-	-	-	-	100,000	100,000	-
50,789	50,789	-	-	-	-	50,789	50,789	-
<u>150,789</u>	<u>150,789</u>	<u>-</u>	<u>921,443</u>	<u>925,053</u>	<u>(3,610)</u>	<u>13,313,045</u>	<u>12,919,587</u>	<u>393,458</u>
-	-	-	(730,488)	(831,752)	(101,264)	4,332,955	659,077	(3,673,878)
-	-	-	-	-	-	873,210	660,000	(213,210)
-	-	-	-	-	-	(645,684)	(625,100)	20,584
-	-	-	1,000,000	1,000,000	-	1,016,008	1,011,896	(4,112)
-	-	-	-	-	-	(1,082,799)	(1,066,623)	16,176
-	-	-	-	-	-	7,866	6,082	(1,784)
-	-	-	(9,057)	(9,092)	(35)	(11,250)	(11,254)	(4)
-	-	-	-	-	-	16,010	12,379	(3,631)
-	-	-	<u>990,943</u>	<u>990,908</u>	<u>(35)</u>	<u>173,361</u>	<u>(12,620)</u>	<u>(185,981)</u>
-	-	-	260,455	159,156	(101,299)	4,506,316	646,457	(3,859,859)
-	-	-	393,955	393,955	-	4,996,313	4,996,313	-
-	-	-	254,193	254,193	-	619,006	619,006	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 908,603</u>	<u>\$ 807,304</u>	<u>\$ (101,299)</u>	<u>\$ 10,121,635</u>	<u>\$ 6,261,776</u>	<u>\$ (3,859,859)</u>

PIONEER CAREER AND TECHNOLOGY CENTER
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating revenues:				
Tuition and fees	\$ 415,431	\$ -	\$ -	\$ 415,431
Sales/charges for services	230,438	1,276,642	-	1,507,080
Investment earnings	-	-	635	635
Other operating revenues.	-	-	1,301	1,301
	<u>645,869</u>	<u>1,276,642</u>	<u>1,936</u>	<u>1,924,447</u>
Total operating revenues				
Operating expenses:				
Personal services	613,336	-	-	613,336
Contract services	66,048	34,975	-	101,023
Materials and supplies	246,287	-	-	246,287
Depreciation	29,041	-	-	29,041
Claims expense	-	1,117,542	-	1,117,542
Other	-	-	750	750
	<u>954,712</u>	<u>1,152,517</u>	<u>750</u>	<u>2,107,979</u>
Total operating expenses				
Operating income (loss)	<u>(308,843)</u>	<u>124,125</u>	<u>1,186</u>	<u>(183,532)</u>
Nonoperating revenues (expenses):				
Operating grants	316,690	-	-	316,690
Federal commodities	15,512	-	-	15,512
Interest revenue.	4,443	20,402	-	24,845
Loss on disposal of assets	(24,924)	-	-	(24,924)
	<u>311,721</u>	<u>20,402</u>	<u>-</u>	<u>332,123</u>
Total nonoperating revenues (expenses).				
Net income before operating transfers	2,878	144,527	1,186	148,591
Operating transfers in	<u>52,000</u>	<u>-</u>	<u>-</u>	<u>52,000</u>
Net income	54,878	144,527	1,186	200,591
Retained earnings (accumulated deficit)/ fund balance, July 1 (restated)	<u>(141,594)</u>	<u>126,278</u>	<u>22,532</u>	<u>7,216</u>
Retained earnings (accumulated deficit)/ fund balance, June 30.	(86,716)	270,805	23,718	207,807
Contributed capital, June 30	<u>177,861</u>	<u>-</u>	<u>-</u>	<u>177,861</u>
Fund equity, June 30	<u>\$ 91,145</u>	<u>\$ 270,805</u>	<u>\$ 23,718</u>	<u>\$ 385,668</u>

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

PIONEER CAREER AND TECHNOLOGY CENTER
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from tuition and fees	\$ 366,266	\$ -	\$ -	\$ 366,266
Cash received from sales/service charges	233,882	1,276,642	-	1,510,524
Cash received from other operations	-	-	1,301	1,301
Cash payments for personal services	(621,588)	-	-	(621,588)
Cash payments for contract services	(65,622)	(34,975)	-	(100,597)
Cash payments for materials and supplies.	(204,359)	-	-	(204,359)
Cash payments for claims expenses.	-	(1,105,489)	-	(1,105,489)
Cash payments for other expenses	-	-	(750)	(750)
Net cash provided by (used in) operating activities.	<u>(291,421)</u>	<u>136,178</u>	<u>551</u>	<u>(154,692)</u>
Cash flows from noncapital financing activities:				
Cash received from operating grants	316,690	-	-	316,690
Cash received from operating transfers.	52,000	-	-	52,000
Cash received from interfund loans.	175,000	-	-	175,000
Cash payments used in repayment of interfund loans	<u>(199,900)</u>	<u>-</u>	<u>-</u>	<u>(199,900)</u>
Net cash provided by noncapital financing activities	<u>343,790</u>	<u>-</u>	<u>-</u>	<u>343,790</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	<u>(81,862)</u>	<u>-</u>	<u>-</u>	<u>(81,862)</u>
Cash flows from investing activities:				
Interest received	<u>4,443</u>	<u>20,402</u>	<u>635</u>	<u>25,480</u>
Net increase (decrease) in cash and cash equivalents	(25,050)	156,580	1,186	132,716
Cash and cash equivalents at beginning of year	<u>206,420</u>	<u>427,414</u>	<u>22,532</u>	<u>656,366</u>
Cash and cash equivalents at end of year.	<u>\$ 181,370</u>	<u>\$ 583,994</u>	<u>\$ 23,718</u>	<u>\$ 789,082</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss).	\$ (308,843)	\$ 124,125	\$ 1,186	\$ (183,532)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	29,041	-	-	29,041
Federal donated commodities	15,512	-	-	15,512
Interest reported as operating income	-	-	(635)	(635)
Changes in assets and liabilities:				
Decrease in materials and supplies inventory	9,446	-	-	9,446
Increase in accounts receivable	(45,721)	-	-	(45,721)
Increase in accounts payable	22,843	-	-	22,843
Increase in accrued wages and benefits	2,573	-	-	2,573
Decrease in compensated absences payable.	(19,545)	-	-	(19,545)
Increase in pension obligation payable	6,186	-	-	6,186
Increase in due to other governments	2,534	-	-	2,534
Increase in claims payable	-	12,053	-	12,053
Decrease in deferred revenue	(5,447)	-	-	(5,447)
Net cash provided by (used in) operating activities	<u>\$ (291,421)</u>	<u>\$ 136,178</u>	<u>\$ 551</u>	<u>\$ (154,692)</u>

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 - DESCRIPTION OF THE SCHOOL

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

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

The District also provides support services for the pupils, instructional staff, operation and maintenance of plant, food services, extracurricular activities, and nonprogrammed services. It is staffed by 52 non-certificated employees and 127 certificated full-time teaching personnel, who provide services to 922 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) 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 prior to November 30, 1989, to its proprietary activities, unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

A. Reporting Entity - (Continued)

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

JOINT VENTURE WITHOUT EQUITY INTEREST

Heartland Council of Governments (the COG)

The COG is a joint venture among 16 school districts and 1 educational service center. 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 of member districts. 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 12 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 because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. The District serves as fiscal agent for the COG and financial activity for fiscal year 2002 is reported in the financial statements as an Agency Fund.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

A. Reporting Entity - (Continued)

INSURANCE PURCHASING POOL

Ohio School Boards Association 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 School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

B. Fund Accounting - (Continued)

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

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

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

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

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

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

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

B. Fund Accounting - (Continued)

FIDUCIARY FUNDS

Trust and Agency Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust, nonexpendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have a measurement focus. Agency funds are reported on a cash basis, with note disclosure regarding items which, in other fund types, would be subject to accrual. (See Note 3.C.).

ACCOUNT GROUPS

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary and nonexpendable trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or nonexpendable trust funds.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

C. Measurement Focus and Basis of Accounting

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

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

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent).

**PIONEER CAREER & TECHNOLOGY CENTER
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

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

Current property taxes measurable as of June 30, 2002, but which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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

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

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

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

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

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

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

D. Budgets

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

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express 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.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

D. Budgets - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2002.
4. By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds except the General fund, which is enacted at the fund and function level of expenditures. Thus, the District maintains two different legal levels of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures for all funds but the General fund, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation (all funds other than the General fund) or alter fund appropriations or total function appropriations within the General fund must be approved by the Board of Education.

**PIONEER CAREER & TECHNOLOGY CENTER
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

D. Budgets - (Continued)

7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts.

All supplemental appropriations were legally enacted by the Board during fiscal 2002.

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary basis and GAAP basis of accounting. Encumbrances for enterprise funds are disclosed in Note 12 to the financial statements.

E. Cash and Investments

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

During fiscal 2002, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), Federal Agency securities, U.S. government money market mutual funds, and nonnegotiable certificates of deposit. All investments of the District had a maturity date of five years or less from the date of purchase.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

E. Cash and Investments - (Continued)

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.

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, 2002.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal 2002 amounted to \$312,800, which includes \$65,888 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 Treasurer's investment account at year-end is provided in Note 4.

F. Inventory

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

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

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

G. Prepayments

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

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

2. Proprietary Funds

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

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

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and minor equipment	5-10

**PIONEER CAREER & TECHNOLOGY CENTER
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

I. Compensated Absences

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

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

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

Accumulated vacation and sick leave of governmental fund type employees meeting the eligibility requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees paid from the proprietary funds is recorded as an expense and fund liability when earned.

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

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

J. Long-Term Obligations

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

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

K. Fund Equity

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

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at fiscal year-end. There were no capital contributions received by the enterprise funds in fiscal 2002. Contributed capital in the enterprise funds at June 30, 2002 was \$177,861. This amount originated prior to GASB Statement No. 33.

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

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

M. Interfund Transactions

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2002 is presented in Note 5.

N. Estimates

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

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

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

O. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

A prior period adjustment is required at June 30, 2001, to properly state interfund balances subsequently deemed to be operating transfers that are not subject to repayment. This prior period adjustment had the following effect on fund balance/retained earnings (accumulated deficit) as previously stated at June 30, 2001.

	<u>General</u>	<u>Enterprise</u>	<u>Internal Service</u>
Fund balance/retained earnings (accumulated deficit) as previously reported	\$4,846,739	\$(136,978)	\$207,563
Adjustment of interfund loans	<u>85,901</u>	<u>(4,616)</u>	<u>(81,285)</u>
Restated fund balance/retained earnings (accumulated deficit) at June 30, 2001	<u>\$4,932,640</u>	<u>\$(141,594)</u>	<u>\$126,278</u>

B. Deficit Fund Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2002, included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Consumer and Economic Education	\$ 2
Title VI	2,079
Career Development	1,546
Vocational Education	180,842
Miscellaneous Federal Grants	11,248
Public School Preschool	66,943
 <u>Enterprise Funds</u>	
Adult Education	149,477

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

C. Agency Funds

The following are accruals for the agency funds, which, in another fund type, would be recognized in the combined balance sheet:

<u>ASSETS</u>	
Prepays	\$617

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

Cash with Fiscal Agent: 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, 2002, was \$583,994.

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

Deposits: At year-end the carrying amount of the Districts deposits was \$5,021,838 and the bank balance was \$5,463,276 (both amounts include \$4,966,514 in nonnegotiable certificates of deposit). Of the bank balance:

1. \$1,386,487 was covered by federal deposit insurance; and
2. \$3,686,514 was covered by collateral held in the pledging bank's trust department in the District's name.
3. \$390,275 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to Section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

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

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

	<u>Category 2</u>	<u>Fair Value</u>
Investments:		
Federal Agency securities	\$399,830	\$ 399,830
Not subject to categorization:		
Investment in STAR Ohio	-	2,117,460
U.S. government money market mutual fund	-	703
Total investments	<u>\$399,830</u>	<u>\$2,517,993</u>

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

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

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 8,124,250	\$ -
Investments of the cash management pool:		
Federal agency securities	(399,830)	399,830
U.S. government money market mutual fund	(703)	703
Investment in STAR Ohio	(2,117,460)	2,117,460
Cash on hand	(425)	-
Cash with fiscal agent	(583,994)	-
GASB Statement No. 3	<u>\$ 5,021,838</u>	<u>\$2,517,993</u>

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

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2002, consist of the following individual interfund loans receivable and payable:

<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>	
General Fund	\$550,000	\$ -
<u>Special Revenue Funds</u>		
Other Grant		30,000
Adult Basic Education	-	55,000
Vocational Education	-	<u>290,000</u>
Total Special Revenue Funds	-	<u>375,000</u>
<u>Enterprise Funds</u>		
Adult Education	-	<u>175,000</u>
Total	<u>\$550,000</u>	<u>\$550,000</u>

- B.** The following is a reconciliation of the District's operating transfers for fiscal year 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,000	\$1,062,094
<u>Special Revenue Funds</u>		
Other Grant	810	-
Regional Infrastructure Development	727	-
Career Development	2,155	-
Public School Preschool	3,685	-
Tech Prep Expansion	82	-
Miscellaneous State Grants	31	87
Vocational Education	1,316	-
Goals 2000	14	-
Miscellaneous Federal Grants	-	639
<u>Capital Projects Fund</u>		
Permanent Improvement	1,000,000	-
<u>Enterprise Funds</u>		
Uniform School Supplies	2,000	-
Adult Education	<u>50,000</u>	-
Total	<u>\$1,062,820</u>	<u>\$1,062,820</u>

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

NOTE 6 - PROPERTY TAXES

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

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35 percent of market value and personal property is assessed at varying rates of true value.

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

The assessed value upon which the 2002 taxes were collected was \$2,002,445,131. Agricultural/residential and public utility/minerals real estate represented 65.02 percent or \$1,301,957,980 of this total; commercial & industrial real estate represented 13.94 percent or \$279,226,090 of this total; public utility tangible represented 5.37 percent or \$107,581,310 of this total and general tangible property represented 15.67 percent or \$313,679,751 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$4.70 per \$1,000.00 of assessed valuation for operations.

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

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

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current fiscal year operations. The net receivable (total receivable less available advance intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2002, totaled \$875,992 in the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants (to the extent eligibility requirements have been met by fiscal year-end). Intergovernmental grants receivable have been presented as "Due from Other Governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs, and the current year guarantee of federal funds.

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

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$5,672,463
Accrued interest	173,982
Interfund loan	550,000
<u>Special Revenue Funds</u>	
Accounts	13,990
Due from other governments	407,151
<u>Enterprise Funds</u>	
Accounts	87,749

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

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2002</u>
Land/improvement	\$ 25,000	\$ -	\$ -	\$ 25,000
Buildings	4,046,511	-	-	4,046,511
Furniture/equipment	5,887,898	779,462	(413,537)	6,253,823
Vehicles	173,942	9,120	(5,470)	177,592
Textbooks and library books	<u>267,465</u>	<u>-</u>	<u>-</u>	<u>267,465</u>
Total	<u>\$10,400,816</u>	<u>\$788,582</u>	<u>\$(419,007)</u>	<u>\$10,770,391</u>

A summary of the proprietary fund type fixed assets at June 30, 2002 follows:

Furniture and equipment	\$ 387,859
Less: accumulated depreciation	<u>(288,693)</u>
Net fixed assets	<u>\$ 99,166</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Capital lease payments are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed asset account group in the amount of \$103,994, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2002 fiscal year totaled \$22,532. This amount is reflected as debt service principal retirement in the General Fund.

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

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

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2002.

<u>General Long-Term Obligations</u>	
<u>Year Ending June 30</u>	<u>Mail Machine And Copiers</u>
2003	\$23,106
2004	20,636
2005	19,122
2006	<u>8,035</u>
Total future minimum lease payments	70,899
Less: Amount representing interest	<u>(9,148)</u>
Present value of future minimum lease payments	<u>\$61,751</u>

NOTE 10 - LONG-TERM OBLIGATIONS

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

The unmatured obligations at year end are accounted for in the general long-term obligations account group.

The following is a description of the District's energy conservation notes outstanding as of June 30, 2002:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1, 2001</u>	<u>Retired in 2002</u>	<u>Balance June 30, 2002</u>
Energy conservation notes	5.51%	08/01/00	12/01/15	<u>\$695,000</u>	<u>\$(30,000)</u>	<u>\$665,000</u>

B. In prior years, the District issued general obligation bonds which were issued to provide funds for the acquisition and construction and/or renovation of equipment and facilities, are general obligations of the District, for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term debt obligations group. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The source of payment is current operating revenues.

The following is a description of the District's bonds outstanding as of June 30, 2002:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1, 2001</u>	<u>Retired in Fiscal 2002</u>	<u>Balance June 30, 2002</u>
Building renovations	5.24%	06/01/95	12/01/04	<u>\$300,000</u>	<u>\$(70,000)</u>	<u>\$230,000</u>

C. Principal and interest requirements to retire general obligation bonds and energy conservation notes at June 30, 2002 are as follows:

<u>Year Ending June 30,</u>	<u>Principal on Bonds and Notes</u>	<u>Interest on Bonds and Notes</u>	<u>Total</u>
2003	\$110,000	\$ 45,436	\$ 155,436
2004	110,000	39,726	149,726
2005	115,000	33,769	148,769
2006	40,000	29,684	69,684
2007	40,000	27,654	67,654
2008 - 2012	240,000	102,789	342,789
2013 - 2016	<u>240,000</u>	<u>28,736</u>	<u>268,736</u>
Total	<u>\$895,000</u>	<u>\$307,794</u>	<u>\$1,202,794</u>

D. During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to the impracticality of determining these values. Compensated absences will be paid from the fund from which the employee is paid.

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
General obligation bonds	\$ 300,000	\$ -	\$ (70,000)	\$ 230,000
Energy conservation notes	695,000	-	(30,000)	665,000
Capital lease obligation	84,283	-	(22,532)	61,751
Pension benefit obligation payable	-	8,096	-	8,096
Compensated absences	<u>1,342,899</u>	<u>-</u>	<u>(382,593)</u>	<u>960,306</u>
Total	<u>\$2,422,182</u>	<u>\$8,096</u>	<u>\$(505,125)</u>	<u>\$1,925,153</u>

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

E. Legal Debt Margin

The Ohio Revised Code provides that the total net indebtedness of the District shall never exceed 9 percent of the total assessed valuation of the District. The O.R.C. further provides that unvoted indebtedness shall not exceed 1/10 of 1 percent of the property valuation of the District. The O.R.C. further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1 percent of the property valuation of District.

The effects of these debt limitations for the District at June 30, 2002, are a voted debt margin of \$180,220,062 and an unvoted debt margin of \$1,702,445, and an unvoted energy conservation debt margin of \$17,357,006.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

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

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

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

Public officials bond insurance is provided by Nationwide Mutual Insurance Company for a total of \$260,000. The Treasurer's bond is provided by Ohio Casualty Insurance Company in the amount of \$20,000. Honesty Blanket Position Coverage of \$100,000 is included in the Utica National Insurance.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 11 - RISK MANAGEMENT -(Continued)

A. Comprehensive - (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. The District uses a Small Claims Adjustment Board, which analyzes all claims under \$1,500. There has been no significant reduction in amounts of insurance coverage from fiscal 2001.

B. Employee Health

The District has elected to provide employee medical/surgical benefits through a self-insured program. The District maintains a self-insurance Internal Service fund to account for and finance its uninsured risk of loss in this program. This plan provides a medical/surgical plan, with a \$150 single and \$300 family deductible per year. The plan also provides dental and vision care. A third-party administrator, Gallagher Benefits Administrators, Inc., located in Lisle, Illinois, reviews and pays all claims. The administrator purchases stop-loss coverage of \$35,000 per employee. The District pays into the self-insurance Internal Service fund \$657.36 for family coverage and \$342.42 for individual coverage per employee per month, which represents the entire premium required. This premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$313,189 reported in the fund at June 30, 2002, is based on the requirements of GASB Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability for fiscal 2002 and the prior fiscal year follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2002	\$301,136	\$ 1,117,542	\$(1,105,489)	\$313,189
2001	61,761	1,195,883	(956,508)	301,136

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and adult education. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2002.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenue	\$215,611	\$104,411	\$ 325,847	\$ 645,869
Depreciation expense	9,965	-	19,076	29,041
Operating loss	(58,778)	(14,038)	(236,027)	(308,843)
Nonoperating revenue				
Operating grants	58,956	-	257,734	316,690
Donated commodities	15,512	-	-	15,512
Interest	4,443	-	-	4,443
Operating transfers in	-	2,000	50,000	52,000
Net income/(loss)	18,211	(12,038)	48,705	54,878
Net working capital	126,227	47,039	(133,025)	40,241
Fixed assets:				
Additions	81,862	-	-	81,862
Total assets	240,946	47,039	126,398	414,383
Long-term liabilities				
payable from fund revenues	-	-	48,262	48,262
Total fund equity	193,583	47,039	(149,477)	91,145
Encumbrances outstanding				
as of 6/30/02	24,559	5,790	5,897	36,246

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the SERS Board. 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. The report may be obtained by writing to the SERS, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2001; 5.46 percent was the portion to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the SERS Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$253,376, \$262,305, and \$256,204, respectively; 96.8% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$8,096 which represents the unpaid contribution for fiscal year 2002 is recorded as a liability within the general long-term obligations account group.

B. State Teachers Retirement System

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent for 2002; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$891,583, \$924,025, and \$909,500, respectively; 100% has been contributed for fiscal years 2002, 2001, and 2000.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, five members of the Board of Education have elected social security, and six have chosen the SERS/STRS system. The District's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$286,580 during fiscal 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

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

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. 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 2002, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$172,418 during the 2002 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

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

**Excess (Deficiency) of Revenues and Other Financing Sources
Over/(Under) Expenditures and Other
Financing Uses**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Budget basis	\$ 644,749	\$(157,448)	\$159,156
Net adjustment for revenue accruals	304,127	143,200	-
Net adjustment for expenditure accruals	(201,682)	(43,662)	90,022
Net adjustment for other financing sources/(uses)	256,782	(299,172)	9,092
Adjustment for encumbrances	<u>140,188</u>	<u>89,364</u>	<u>144,064</u>
GAAP basis	<u>\$1,144,164</u>	<u>\$(267,718)</u>	<u>\$402,334</u>

NOTE 16 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

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

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of July 1, 2001	\$(547,307)	\$ -	\$65,263
Current year set-aside requirement	117,336	117,336	-
Qualifying disbursements	<u>(453,600)</u>	<u>(475,840)</u>	<u>-</u>
Total, June 30, 2002	<u>\$(883,571)</u>	<u>\$(358,504)</u>	<u>\$65,263</u>
Cash balance carried forward to FY 2003	<u>\$(883,571)</u>	<u>\$ -</u>	<u>\$65,263</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

NOTE 17 - STATUTORY RESERVES - (Continued)

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

A schedule of the restricted assets at June 30, 2002 follows:

Amount restricted for BWC refunds	<u>\$65,263</u>
-----------------------------------	-----------------

**PIONEER CAREER TECHNOLOGY CENTER
RICHLAND COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	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>						
Child Nutrition Cluster: Food Distribution Program		10.550		\$10,065		\$11,684
School Breakfast Program	051417 05-PU 02	10.553	\$7,021		\$7,021	
National School Lunch Program	051417 LL-P4 02	10.555	49,499		49,499	
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>56,520</u>	<u>10,065</u>	<u>56,520</u>	<u>11,684</u>
<u>U.S. DEPARTMENT LABOR</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Employment Services and Job Training Pilot and Demonstration Programs	051417 20-HS 02	17.249	25,000		15,435	
			<u>3,005</u>		<u>0</u>	
Total U.S. Department of Labor - Employment Services and Job Training			<u>28,005</u>		<u>15,435</u>	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Program:</i>						
Federal Pell Grant Program	N/A	84.063	44,485		44,485	
<i>Passed Through the Ohio Department of Education:</i>						
Vocational Education - Basic Grants to State	051417 20-A0 00	84.048	20,000		8,206	
	051417 20-A5 01		6,750		6,534	
	051417 20-A5 02		5,500		1,412	
	051417 20-C1 01		171,471		367,802	
	051417 20-C2 01		69,517		150,404	
Total Vocational Education Program			<u>273,238</u>		<u>534,358</u>	
Goals 2000 - State and Local Education System	051417 G2-S2 01	84.276	15,000		1,880	
Eisenhower Professional Development State Grant	051417 MS-S1 00	84.281	25		0	
	051417 MS-S1 02		2,348		0	
Total Eisenhower Professional Development State Grant			<u>2,373</u>		<u>0</u>	
Innovative Educational Program Strategies	051417 C2-S1 00	84.298	169		418	
	051417 C2-S1 02		1,427		435	
Total Innovative Educational Program Strategies			<u>1,596</u>		<u>853</u>	
Comprehensive School Reform Demonstration	051417 RF-S2 01	84.332	15,000		29,937	
<i>Passed Through the District's Member Schools:</i>						
Safe and Drug Free Schools and Communities	N/A	84.186	3,380		3,226	
Total U.S. Department of Education			<u>355,072</u>		<u>614,739</u>	
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>						
<i>Passed Through Ohio Department of Education:</i>						
State Library Program	I-8-01	45.310	212,231		249,221	
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Learn and Serve America, School & Community	051417 SV53-02	94.004	14,979		13,497	
Totals			<u>\$666,807</u>	<u>\$10,065</u>	<u>\$949,412</u>	<u>\$11,684</u>

The accompanying notes to this schedule are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant amount of food commodities in inventory.



**Auditor of State
Betty Montgomery**

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the general purpose financial statements of the Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated February 14, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 14, 2003.

Internal Control Over Financial Reporting

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

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

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

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

Betty Montgomery
Auditor of State

February 14, 2003



**Auditor of State
Betty Montgomery**

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO 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 the Pioneer Career and Technology Center: A Vocational School District, Richland County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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 are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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



Betty Montgomery
Auditor of State

February 14, 2003

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #45.310 – LTSA Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

PIONEER CAREER AND TECHNOLOGY CENTER

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 13, 2003**