

**PLEASANT LOCAL
SCHOOL DISTRICT
MARION COUNTY, OHIO**
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2011



Dave Yost • Auditor of State

Board of Education
Pleasant Local School District
1105 Owens Road West
Marion, Ohio 43302

We have reviewed the *Independent Auditors' Report* of the Pleasant Local School District, Marion County, prepared by Holbrook & Manter, for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

April 3, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Education
Pleasant Local School District
Marion County
Marion, OH 43302

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Pleasant Local School District (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

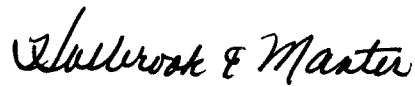
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Pleasant Local School District as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011 on our consideration of the Pleasant Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants

December 22, 2011

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Pleasant Local School District's (the "School District") discussion and analysis of the annual financial report provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Highlights for fiscal year 2011 are as follows:

- In total, net assets increased \$87,374, or approximately .8%.
- General revenues were \$9,886,898 or 74.7% of total revenues. The School District is very dependent on property taxes and unrestricted state entitlements.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pleasant Local School District as a financial whole, or as an entire operating entity.

The Statement of Net Assets and Statement of Activities provide information about the activities of the School District as a whole and present both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other non-major funds presented in total in one single column. For Pleasant Local School District, the General Fund, Permanent Improvement Capital Projects Fund, and Debt Service Fund are the most significant funds.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities reflect how the School District did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

These statements report the School District's net assets and changes to those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are presented as governmental activities and include instruction, support services, non-instructional services, and extracurricular activities.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Permanent Improvement Capital Projects Fund, and the Debt Service Fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net assets for fiscal year 2011 and fiscal year 2010.

**Table 1
Net Assets**

	Governmental Activities	
	2011	2010
Assets		
Current and other assets	\$ 9,055,231	\$ 9,338,869
Capital assets, net	7,345,561	7,463,852
Total assets	16,400,792	16,802,721
Liabilities		
Current and other liabilities	3,394,862	3,556,354
Long-term liabilities	2,473,212	2,801,026
Total liabilities	5,868,074	6,357,380
Net Assets		
Invested in capital assets, net of related debt	5,574,049	5,344,283
Restricted	1,007,586	1,042,628
Unrestricted	3,951,083	4,058,430
Total net assets	\$ 10,532,718	\$ 10,445,341

A review of the above table demonstrates that fiscal year 2011 and fiscal year 2010 were similar years.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Table 2 reflects the changes in net assets for fiscal years ended June 30, 2011 and 2010.

**Table 2
Change in Net Assets**

	Governmental Activities	
	2011	2010
Revenues		
Program Revenues:-		
Charges for services and sales	\$ 2,527,814	\$ 2,657,539
Operating grants & contributions	815,170	1,251,116
Capital grants & contributions	0	0
Total program revenues	<u>3,342,984</u>	<u>3,908,655</u>
General Revenues:-		
Property taxes levied for general purposes	4,201,680	4,192,821
Property taxes levied for debt service purposes	337,748	338,172
Grants and entitlements	5,218,109	5,119,898
Interest	42,277	60,014
Miscellaneous	87,084	29,703
Total general revenues	<u>9,886,898</u>	<u>9,740,608</u>
Total revenues	13,229,882	13,649,263
Program Expenses		
Instruction:-		
Regular	7,007,165	7,219,921
Special	963,647	1,013,896
Vocational	163,927	157,191
Other	0	27,677
Support Services:-		
Pupils	413,888	447,852
Instructional staff	380,693	298,730
Board of Education	81,436	103,252
Administration	1,101,611	1,144,005
Fiscal	318,680	310,239
Operation and maintenance of plant	1,028,735	1,037,375
Pupil Transportation	526,531	504,293
Non-instructional services	572,027	554,875
Extracurricular activities	497,046	500,873
Interest and fiscal charges	87,122	104,490
Total expenses	<u>13,142,508</u>	<u>13,424,669</u>
Increase (decrease) in net assets	87,374	224,594
Net assets beginning of year	<u>10,445,344</u>	<u>10,220,747</u>
Net assets at end of year	<u><u>\$ 10,532,718</u></u>	<u><u>\$ 10,445,341</u></u>

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Governmental Activities

Total revenues decreased approximately 3.1%. Program revenues, primarily represented by tuition, student fees, charges for extracurricular activities, and food service sales as well as restricted intergovernmental revenues, decreased approximately 14.5%. Grants and entitlements decreased overall due to the elimination of several federal state grants.

Expenses decreased by \$282,161, or approximately 2.1%. There were no significant changes in expenditure line items.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Total and Net Cost of Program Services
Governmental Activities**

	<u>2011</u>		<u>2010</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction:				
Regular	\$ 7,007,165	\$ 4,963,587	\$ 7,219,921	\$ 4,992,915
Special	963,647	561,963	1,013,896	236,635
Vocational	163,927	157,814	157,191	151,895
Other	0	0	27,677	27,677
Support services:				
Pupils	413,888	408,888	447,852	373,329
Instructional staff	380,693	373,448	298,730	290,710
Board of education	81,436	81,436	103,252	103,252
Administration	1,101,611	1,101,611	1,144,005	1,144,005
Fiscal	318,680	318,680	310,239	310,239
Operation and maintenance of plant	1,028,735	1,028,735	1,037,375	1,037,375
Pupil transportation	526,531	480,318	504,293	454,735
Non-instructional services	572,027	3,098	554,875	11,295
Extracurricular activities	497,046	232,824	500,873	277,462
Interest and fiscal charges	87,122	87,122	104,490	104,490
Total expenses	<u>\$ 13,142,508</u>	<u>\$ 9,799,524</u>	<u>\$ 13,424,669</u>	<u>\$ 9,516,014</u>

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

As can be seen in the table above, instruction and support services are supported largely with general revenues of the School District. However, approximately 29% of regular instruction expenses are offset by program revenue charges for services and operating grants. The majority of this support is generated through open enrollment. In addition, nearly 42% of special instruction is supported through program revenue charges for services and operating grants. Specifically, the District receives federal Special Education and Title I grants to offset these expenses. The non-instructional program is supported through program revenues, which consist of cafeteria sales and state and federal subsidies for food service operations.

THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund experienced a 5.3% increase in fund balance.

General Fund Budgeting Highlights

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

During fiscal year 2011, the School District amended its General Fund budget as needed. Final budgeted revenue and final budgeted expenditures were each approximately 4% less than original budgeted revenue and expenditures. Actual revenues and expenditures were each approximately 3% less than amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, the School District had \$7,345,561 invested in its capital assets (net of accumulated depreciation) for governmental activities, a decrease of \$118,291. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2011, the School District had outstanding school improvement general obligation bonds, in the amount of \$1,435,000, for building improvements. The bonds, originally issued for a twenty-five year period, with final maturity on December 1, 2018, were refunded in fiscal year 2011, generating a savings of approximately \$155,000 to the School District over the remaining term of the bonds. The School District also had an outstanding energy conservation loan, with an outstanding balance of \$249,941. This loan will be fully retired in fiscal year 2015.

During fiscal year 2011, the School District entered into a new capital lease agreement for equipment. Outstanding balance on the capital lease was \$76,928. In addition to the bonds and leases, the School District's long-term obligations include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

CURRENT ISSUES

The School District, like many throughout the state, is experiencing budget difficulties as a result of the current economic climate. In particular, the District is experiencing declines in its major revenue sources, including interest and state foundation funding. As a result, the Board of Education has taken measures to reduce spending, including reducing and/or eliminating several staff positions and limiting other expenditures including supplies and improvements to the grounds and athletic facilities. Tax levies to secure additional operating funds were defeated by voters in May, 2010 and again in November, 2010. The Board of Education and Administration continue to evaluate options to address the financial situation.

On November 8, 2011, voters approved the renewal of a 3-year 2.73-mill emergency levy. This levy generates the same \$495,000 annually, as it did when it was first voted in 1996.

The School District continues to sponsor the Pleasant Community Academy, a community school learning opportunity for kindergarten students. The Academy completed its seventh year of operation in fiscal year 2011. With this Academy, the School District has received federal grant funding enabling it to enhance technological learning opportunities and expand the curriculum for these students.

The School District sponsored a new community school, the Pleasant Education Academy (PEA), beginning with the 2010-2011 school year. The PEA was established to provide educational services for students age sixteen to twenty-two who have either dropped out of high school or are at risk of dropping out of high school due to poor attendance, disciplinary problems, suspension or other factors that may impede their educational progress. PEA finished the 2010-2011 year with five out of seven senior students successfully meeting all graduation requirements, and all of which graduated ahead of schedule.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Beth Collier, Treasurer, Pleasant Local School District, 1107 Owens Road West, Marion, Ohio 43302.

**BASIC
FINANCIAL STATEMENTS**

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
STATEMENT OF NET ASSETS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2011

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Pleasant Community Academy</u>	<u>Pleasant Education Academy</u>
ASSETS:-			
Equity in pooled cash and cash equivalents	\$ 4,132,377	\$ 89,887	\$ 75,342
Accounts receivable	43,480	0	0
Accrued interest receivable	6,663	0	0
Intergovernmental receivable	356,404	22,479	70,522
Prepaid items	0	1,000	0
Inventory held for resale	5,756	0	0
Materials and supplies inventory	950	0	0
Property taxes receivable	4,464,804	0	0
Unamortized bond issuance costs	44,797	0	0
Nondepreciable capital assets	416,997	0	0
Depreciable capital assets, net	<u>6,928,564</u>	<u>22,429</u>	<u>137,461</u>
Total assets	<u>16,400,792</u>	<u>135,795</u>	<u>283,325</u>
LIABILITIES:-			
Accounts payable	67,546	10,165	23,137
Accrued wages and benefits	851,385	0	0
Intergovernmental payable	252,468	11,208	114,941
Deferred revenue	2,174,247	0	0
Accrued interest payable	3,536	0	0
Matured Compensated Absences Payable	6,661	0	0
Retirement incentive payable	39,019	0	0
Long-term liabilities:			
Due within one year	132,604	0	0
Due in more than one year	<u>2,340,608</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>5,868,074</u>	<u>21,373</u>	<u>138,078</u>
NET ASSETS:-			
Invested in capital assets, net of related debt	5,574,049	22,429	137,461
Restricted for set asides	223,753	0	0
Restricted for debt service	520,727	0	0
Restricted for other purposes	263,106	0	0
Unrestricted	<u>3,951,083</u>	<u>91,993</u>	<u>7,786</u>
Total net assets	<u>\$ 10,532,718</u>	<u>\$ 114,422</u>	<u>\$ 145,247</u>

See accompanying Notes to the Basic Financial Statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues			
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:-				
Instruction;-				
Regular	\$ 7,007,165	\$ 1,824,823	\$ 218,755	\$ 0
Special	963,647	60,965	340,719	0
Vocational	163,927	0	6,113	0
Other	0	0	0	0
Support services;-				
Pupil	413,888	0	5,000	0
Instructional staff	380,693	0	7,245	0
Board of Education	81,436	0	0	0
Administration	1,101,611	0	0	0
Fiscal	318,680	0	0	0
Operations and maintenance	1,028,735	0	0	0
Pupil transportation	526,531	46,213	0	0
Non-instructional services	572,027	343,371	225,558	0
Extracurricular activities	497,046	252,442	11,780	0
Interest and fiscal charges	87,122	0	0	0
Total governmental activities	\$ 13,142,508	\$ 2,527,814	\$ 815,170	\$ 0
Component Units:				
Pleasant Community Academy	\$ 419,003	\$ 0	\$ 91,339	\$ 0
Pleasant Education Academy	\$ 358,630	\$ 0	\$ 294,526	\$ 0

GENERAL REVENUES:-

Property taxes levied for:

 General purposes

 Debt service

Grants and entitlements not restricted
to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

See accompanying Notes to the Basic Financial Statements.

**Net (Expense) Revenue
Changes in Net Assets**

<u>Primary Government</u>	<u>Component Unit</u>	<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Pleasant Community Academy</u>	<u>Pleasant Education Academy</u>
\$ (4,963,587) \$	0 \$	0
(561,963)	0	0
(157,814)	0	0
0	0	0
(408,888)	0	0
(373,448)	0	0
(81,436)	0	0
(1,101,611)	0	0
(318,680)	0	0
(1,028,735)	0	0
(480,318)	0	0
(3,098)	0	0
(232,824)	0	0
(87,122)	0	0
<u>(9,799,524)</u>	<u>0</u>	<u>0</u>
\$ <u>0</u> \$	<u>(327,664)</u> \$	<u>0</u>
\$ <u>0</u> \$	<u>0</u> \$	<u>(64,104)</u>
4,201,680	0	0
337,748	0	0
5,218,109	337,982	189,936
42,277	108	0
<u>87,084</u>	<u>1,843</u>	<u>50</u>
<u>9,886,898</u>	<u>339,933</u>	<u>189,986</u>
87,374	12,269	125,882
<u>10,445,344</u>	<u>102,153</u>	<u>19,365</u>
\$ <u>10,532,718</u> \$	<u>114,422</u> \$	<u>145,247</u>

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Permanent Improvement Fund	Debt Service	All Other Governmental Funds	Total Governmental Funds
ASSETS:-					
Equity in pooled cash and cash equivalents	\$ 2,059,793	\$ 1,345,258	\$ 352,996	\$ 150,577	\$ 3,908,624
Accounts receivable	40,929	0	0	1,051	41,980
Accrued interest receivable	6,663	0	0	0	6,663
Interfund receivable	158,242	0	0	0	158,242
Intergovernmental receivable	0	0	0	356,404	356,404
Inventory held for resale	0	0	0	5,756	5,756
Materials and supplies inventory	0	0	0	950	950
Property taxes receivable	4,130,068	0	334,736	0	4,464,804
Restricted assets:-					
Equity in pooled cash and cash equivalents	223,753	0	0	0	223,753
Total assets	\$ 6,619,448	\$ 1,345,258	\$ 687,732	\$ 514,738	\$ 9,167,176
LIABILITIES:-					
Accounts payable	\$ 55,294	\$ 3,420	\$ 0	\$ 8,832	\$ 67,546
Accrued wages and benefits	750,811	0	0	100,574	851,385
Interfund payable	55,000	0	0	103,242	158,242
Intergovernmental payable	230,754	0	0	21,714	252,468
Mature compensated absences payable	6,661	0	0	0	6,661
Retirement incentive payable	39,019	0	0	0	39,019
Deferred revenue	2,292,368	0	187,119	231,061	2,710,548
Total liabilities	3,429,907	3,420	187,119	465,423	4,085,869
EQUITY:-					
Fund Balances:-					
Unspendable	0	0	0	6,706	6,706
Restricted	223,753	0	500,613	65,525	789,891
Committed	11,000	0	0	0	11,000
Assigned	45,652	1,341,838	0	0	1,387,490
Unassigned (deficit)	2,909,136	0	0	(22,916)	2,886,220
Total fund balances	3,189,541	1,341,838	500,613	49,315	5,081,307
Total liabilities and fund balances	\$ 6,619,448	\$ 1,345,258	\$ 687,732	\$ 514,738	\$ 9,167,176

See accompanying Notes to the Basic Financial Statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$ 5,081,307
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,345,561
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Accounts receivable	\$ 1,500	
Interest receivable	673	
Intergovernmental receivable	231,061	
Property taxes receivable	304,567	
Unamortized bond issuance costs	<u>44,797</u>	
Total		582,598
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable	(3,536)	
General obligation bonds payable	(1,435,000)	
Unamortized bond premium	(11,142)	
Energy conservation loan payable	(249,941)	
Compensated absences payable	(700,200)	
Capital leases payable	<u>(76,929)</u>	
Total		<u>(2,476,748)</u>
Net assets of governmental activities		\$ <u>10,532,718</u>

See accompanying Notes to the Basic Financial Statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General	Permanent Improvement Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:-					
Property and other local taxes	\$ 4,189,593	\$ 0	\$ 337,467	\$ 0	\$ 4,527,060
Intergovernmental	4,623,591	0	50,677	1,359,837	6,034,105
Interest	46,432	0	0	25	46,457
Tuition and fees	1,885,788	0	0	315	1,886,103
Extracurricular activities	116,824	0	0	135,618	252,442
Charges for services	46,213	0	0	343,056	389,269
Gifts and donations	16,401	0	0	11,780	28,181
Miscellaneous	86,862	0	4,128	0	90,990
Total revenue	<u>11,011,704</u>	<u>0</u>	<u>392,272</u>	<u>1,850,631</u>	<u>13,254,607</u>
EXPENDITURES:-					
Current:-					
Instruction:-					
Regular	6,678,281	19,855	0	165,981	6,864,117
Special	640,223	0	0	338,549	978,772
Vocational	149,712	0	0	0	149,712
Other	0	0	0	0	0
Support services:-					
Pupils	207,249	0	0	203,255	410,504
Instructional staff	346,405	0	0	18,816	365,221
Board of Education	81,436	0	0	0	81,436
Administration	728,885	0	0	374,504	1,103,389
Fiscal	311,607	0	8,143	0	319,750
Operations and maintenance	879,324	0	0	6,782	886,106
Pupil transportation	454,646	163,282	0	16,326	634,254
Non-instructional services	0	21,065	0	577,300	598,365
Extracurricular activities	276,645	0	0	161,281	437,926
Capital outlay	87,926	6,280	0	0	94,206
Debt service:-					
Principal	85,625	0	1,795,000	0	1,880,625
Bond issuance costs	0	0	44,797	0	44,797
Interest and other fiscal charges	11,738	0	79,738	0	91,476
Total expenditures	<u>10,939,702</u>	<u>210,482</u>	<u>1,927,678</u>	<u>1,862,794</u>	<u>14,940,656</u>
Excess of revenues over (under) expenditures	<u>72,002</u>	<u>(210,482)</u>	<u>(1,535,406)</u>	<u>(12,163)</u>	<u>(1,686,049)</u>
OTHER FINANCING SOURCES (USES):-					
Inception of capital lease	87,926	0	0	0	87,926
Proceeds of bond premium	0	0	11,142	0	11,142
Proceeds of refunding bonds	0	0	1,435,000	0	1,435,000
Transfers in	0	0	0	1,922	1,922
Transfers out	(1,922)	0	0	0	(1,922)
Total other financing sources (uses)	<u>86,004</u>	<u>0</u>	<u>1,446,142</u>	<u>1,922</u>	<u>1,534,068</u>
Net change in fund balances	<u>158,006</u>	<u>(210,482)</u>	<u>(89,264)</u>	<u>(10,241)</u>	<u>(151,981)</u>
Fund balance at beginning of year- Restated (note 3)	3,031,535	1,552,320	589,877	59,556	5,233,288
Fund balance at end of year	<u>\$ 3,189,541</u>	<u>\$ 1,341,838</u>	<u>\$ 500,613</u>	<u>\$ 49,315</u>	<u>\$ 5,081,307</u>

See accompanying Notes to the Basic Financial Statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (151,981)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

Capital outlay	324,739	
Depreciation	(437,624)	
Total		(112,885)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain on disposal of capital assets on the statement of activities.

Loss on sale of capital assets	(3,906)	(3,906)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		(20,819)
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		1,880,624
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Proceeds of bonds is a revenue in the governmental funds, but the proceeds increase long-term liabilities on the statement of net assets.		
Proceeds of refunding bonds	(1,435,000)	
Proceeds of bond premium	(11,142)	

The inception of a capital lease is reported as an other financing source in the governmental funds, but increases the long-term liabilities on the statement of net assets.		(87,926)
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Interest is reported as an expenditure when due in the governmental funds, but are amortized over the life of the issuance in the statement of net assets.		4,355
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Bond issuance costs are recognized as expenditures in the governmental funds, but are amortized over the life of the issuance in the statement of activities.		44,797
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences payable	(18,743)	

Change in net assets of governmental activities \$ 87,374

See accompanying Notes to the Basic Financial Statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>(Under)</u>
Revenues:-				
Property taxes	\$ 3,853,179	\$ 4,000,000	\$ 3,895,281	\$ (104,719)
Intergovernmental	4,463,246	4,633,313	4,623,590	(9,723)
Interest	57,798	60,000	48,520	(11,480)
Tuition and fees	1,896,486	1,968,750	1,819,127	(149,623)
Extracurricular activities	62,614	65,000	76,439	11,439
Miscellaneous	139,678	145,000	112,027	(32,973)
Total revenues	<u>10,473,001</u>	<u>10,872,063</u>	<u>10,574,984</u>	<u>(297,079)</u>
Expenditures:-				
Current:				
Instruction:				
Regular	6,850,282	6,597,200	6,586,732	10,468
Special	739,596	713,124	660,744	52,380
Vocational	167,591	161,585	150,298	11,287
Other	15,711	15,147	3,647	11,500
Support services:				
Pupils	244,875	235,923	235,047	876
Instructional staff	305,305	294,374	347,632	(53,258)
Board of education	119,827	115,535	86,829	28,706
Administration	755,207	728,307	728,932	(625)
Fiscal	325,002	313,379	309,414	3,965
Operation and maintenance	1,251,196	1,213,839	943,643	270,196
Pupil transportation	463,201	447,458	471,208	(23,750)
Extracurricular activities	280,151	270,105	259,710	10,395
Operation of non-instructional services	0	0	5,024	(5,024)
Capital outlay	105	101	0	101
Debt service:				
Principal retirement	65,000	65,000	65,000	0
Interest and other fiscal charges	6,400	6,400	6,379	21
Total expenditures	<u>11,589,449</u>	<u>11,177,477</u>	<u>10,860,239</u>	<u>317,238</u>
Excess of revenues under expenditures	<u>(1,116,448)</u>	<u>(305,414)</u>	<u>(285,255)</u>	<u>20,159</u>
Other Financing Sources (Uses):-				
Advances- in	0	0	169,866	169,866
Advances- out	(120,000)	(120,000)	(159,844)	(39,844)
Transfers out	(38,000)	(38,000)	(39,191)	(1,191)
Total other financing sources (uses)	<u>(158,000)</u>	<u>(158,000)</u>	<u>(29,169)</u>	<u>128,831</u>
Net change in fund balance	<u>(1,274,448)</u>	<u>(463,414)</u>	<u>(314,424)</u>	<u>148,990</u>
Fund balance (deficit) at beginning of year	2,123,114	2,123,114	2,123,114	0
Prior year encumbrances appropriated	<u>259,228</u>	<u>259,228</u>	<u>259,228</u>	<u>0</u>
Fund balance (deficit) at end of year	<u>\$ 1,107,894</u>	<u>\$ 1,918,928</u>	<u>\$ 2,067,918</u>	<u>\$ 148,990</u>

See accompanying Notes to the Basic Financial Statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS:-		
Current assets;-		
Equity in pooled cash and cash equivalents	\$ <u>16,127</u>	\$ <u>19,976</u>
Total assets	<u>16,127</u>	<u>19,976</u>
LIABILITIES:-		
Current liabilities;-		
Due to students	<u>0</u>	<u>19,976</u>
Total liabilities	<u>0</u>	<u>\$ 19,976</u>
NET ASSETS:-		
Held in trust for scholarships	6,127	
Endowment	<u>10,000</u>	
Total net assets	<u>\$ 16,127</u>	

See accompanying Notes to the Basic Financial Statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2011

		<u>Private-Purpose Trust</u>
ADDITIONS:-		
Gifts and contributions	\$	2,500
Interest		<u>134</u>
Total additions		<u>2,634</u>
DEDUCTIONS:-		
Non-instructional services		<u>3,681</u>
Total deductions		<u>3,681</u>
Change in net assets	(1,047)
Net assets beginning of year		<u>17,174</u>
Net assets end of year	\$	<u><u>16,127</u></u>

See accompanying Notes to the Basic Financial Statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT:-

Pleasant Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1916. The District serves an area of approximately 36 square miles. It is located in Marion County, and includes all of Pleasant Township, portions of Marion and Richland Townships, and a portion of the City of Marion. The School District is the 402nd largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by fifty-six classified employees, eighty-five certified teaching personnel, and seven administrative employees who provide services to 1,271 students and other community members. The school District currently operates three instructional buildings.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure 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 of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' government 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 organizations resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes.

The component unit column on the financial statements identifies the financial data of the School District's component units, Pleasant Community Academy (PCA) and Pleasant Education Academy (PEA). They are reported separately to emphasize that they are legally separate from the School District. Information about these component units are presented in Note 21 and 22 to the basic financial statements.

Pleasant Community Academy. PCA is a legally separate, not-for-profit corporation. PCA, under a contractual agreement with the Pleasant Local School District, provides education opportunities through distance learning technologies. Pleasant Local School District is PCA's sponsoring government and PCA's seven member Board of Directors are appointed by Pleasant Local School District's Board of Education. Pleasant Local School District is financially accountable for PCA as it appoints PCA's Board and can impose its will on PCA. PCA is reported as a discretely presented component unit on Pleasant Local School District's financial statements.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT:- (continued)

Pleasant Education Academy. PEA is a legally separate, not-for-profit corporation. PEA, under a contractual agreement with the Pleasant Local School District, provides education opportunities through distance learning technologies. Pleasant Local School District is PEA's sponsoring government and PEA's seven member Board of Directors are appointed by Pleasant Local School District's Board of Education. Pleasant Local School District is financially accountable for PEA as it appoints PEA's Board and can impose its will on PEA. PEA is reported as a discretely presented component unit on Pleasant Local School District's financial statements.

The School District participates in six jointly governed organizations and two insurance pools. These organizations are the Tri-Rivers Career Center; North Central Regional Professional Development Center; North Central Ohio Special Education Regional Resource Center; Northwestern Ohio Educational Research Council, Inc.; Metropolitan Educational Council; Ohio School Plan; Ohio Association of School Business Officials Workers' Compensation Group Rating Plan; and the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust. These organizations are presented in Notes 23 and 24 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

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

Basis Of Presentation - Fund Accounting

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

Government-wide Financial Statements - The statement of net assets and the statements of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

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

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds used by the District can be classified using two categories: governmental and fiduciary.

GOVERNMENTAL FUNDS

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

General Fund - The general fund is 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - The Permanent Improvement capital projects fund accounts for the acquisition, construction, or improvement of capital facilities.

Debt Service Fund - This fund is used for the accumulation of resources and payment of general obligation bond principal and interest and certain other long-term obligations.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The District's fiduciary funds are agency funds and private purpose trust funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs.

The District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

A. Measurement Focus and Basis of Accounting

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

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

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. Government-wide financial statements and fund financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 8). Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. *Budgetary Process*

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Education.

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

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

D. Cash and Investments

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

During fiscal year 2011, the School District's investments included nonnegotiable certificates of deposit and State Treasury Asset Reserve of Ohio (STAR Ohio). 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, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 was \$46,432, which includes \$27,088 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

F. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies, fuel, and donated purchased food.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials.

H. Capital Assets

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of \$2,000. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Governmental Activities</u>
Land improvements	10 - 20 years
Buildings and improvements	10 - 100 years
Furniture and equipment	5 - 20 years
Vehicles	10 - 15 years
Infrastructure	50 years

I. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund services provided are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The District records a liability for accumulated unused sick leave for all employees after seven years of service.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

K. Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

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

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to expenditures for specified purposes. As of June 30, 2011, there were no net assets restricted by enabling legislation.

The School District's policy is to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

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

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

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

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

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Assigned – Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balances represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

O. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Q. Estimates

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

R. Unamortized Issuance Costs and Bond Premium

On government-wide financial statements, issuance costs and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recoded as deferred charges and are generally paid from debt proceeds. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period when the debt is issued.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/ NET ASSETS

Change in Accounting Principles

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 59, "Financial Instruments Omnibus."

GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

GASB Statement No. 59 updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

Restatement of Fund Balance

The restatement due to the implantation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	<u>General</u>	<u>Permanent Improvement</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance at June 30, 2010	\$ 3,018,992	\$ 1,552,320	\$ 589,877	\$ 72,099	\$ 5,233,288
Change in Fund Structure	<u>12,543</u>	<u>0</u>	<u>0</u>	<u>(12,543)</u>	<u>0</u>
Adjusted Fund Balance at June 30, 2010	<u>\$ 3,031,535</u>	<u>\$ 1,552,320</u>	<u>\$ 589,877</u>	<u>\$ 59,556</u>	<u>\$ 5,233,288</u>

NOTE 4 - ACCOUNTABILITY:-

At June 30, 2011, the following funds had deficit fund balances resulting from adjustments for accrued liabilities:

Title VI-B Grant	\$(12,357)
Improving Teacher Quality Grant	\$(7,149)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING:-

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

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING:- (continued)

The major differences between the budget basis and the GAAP basis are as follows:

- (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);
- (c) Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Net Change in Fund Balance

	General Fund
GAAP basis	\$ 158,006
Increase (decrease) due to:	
Revenue accruals	(315,851)
Expenditure accruals	77,081
Funds budgeted elsewhere**	25,126
Other financing sources (uses)	(115,173)
Encumbrances outstanding at fiscal year end (budget basis)	(143,613)
Budget basis	\$ (314,424)

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

NOTE 6 - DEPOSITS AND INVESTMENTS:-

Monies held by the School District are classified by State statute into three categories.

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

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 6 - DEPOSITS AND INVESTMENTS:- (continued)

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 or deposit accounts, including passbook accounts.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to the payment of 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% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25% of the interim monies available for investment at any one time, and
9. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 6 - DEPOSITS 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 School 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.

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,271,065 of the School District's bank balance of \$4,271,171 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

Investments - As of June 30, 2011, the School District had the following investment:

	Balance at Fair Value	Average Maturity (Years)
STAR Ohio	\$ 1,390	< 1 year

Interest Rate Risk - Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The School District places no limit on the amount of its interim monies it may invest in a particular security.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 7 - RECEIVABLES:-

Receivables at June 30, 2011 consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

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

	Total
Governmental Activities	
Other Governmental Funds	
Federal Lunch Program Subsidy	\$ 18,410
Federal Breakfast Program Subsidy	3,691
Ed Jobs Grant	231,061
Title VI-B Grant	34,362
Title I Grant	50,301
Improving Teacher Quality Grant	161
21st Century Grant	18,418
Total intergovernmental receivable	\$ 356,404

NOTE 8 - PROPERTY TAXES:-

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real Property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010 and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 8 - PROPERTY TAX :- (continued)

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes. Tangible personal property taxes received in calendar year 2011 were levied after April 1, 2010, on the value as of December 31, 2010. In prior years, tangible personal property was assessed at 25% of true value for capital assets and 23% for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, was 18.75% for 2006, 12.5% for 2007, 6.25% for 2008, and 0% for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Marion County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, tangible personal property, and public utility property taxes which were measurable as of June 30, 2011 and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$1,536,715 in the General Fund, \$122,196 in the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2010, was \$1,535,081 in the general Fund and \$125,632 in the Bond Retirement Debt Service Fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	<u>2010 Second- Half Collections</u>		<u>2011 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential	\$ 151,015,570	80.49%	\$ 148,197,570	81.70%
Industrial/commercial	27,645,630	14.73%	24,147,420	13.31%
Public utility	8,730,480	4.65%	9,051,450	4.99%
Tangible personal	235,900	0.13%	0	0.00%
Total Assessed Value	<u>\$ 187,627,580</u>	<u>100.00%</u>	<u>\$ 181,396,440</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 24.75		\$ 25.19	

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSETS:-

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>6/30/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2011</u>
Governmental Activities:-				
Nondepreciable capital assets				
Land	\$ 416,997	\$ 0	\$ 0	\$ 416,997
Total capital assets, not being depreciated	<u>416,997</u>	<u>0</u>	<u>0</u>	<u>416,997</u>
Depreciable capital assets				
Land improvements	2,747,030	0	0	2,747,030
Buildings and buildings improvements	6,286,247	0	0	6,286,247
Furniture, fixtures, and equipment	1,395,361	145,308	(81,077)	1,459,592
Vehicles	1,031,790	179,431	(62,730)	1,148,491
Infrastructure	97,600	0	0	97,600
Total depreciable capital assets	<u>11,558,028</u>	<u>324,739</u>	<u>(143,807)</u>	<u>11,738,960</u>
Less accumulated depreciation:-				
Land improvements	(1,241,956)	(128,078)	0	(1,370,034)
Buildings and building improvements	(1,655,534)	(109,665)	0	(1,765,199)
Furniture, fixtures, and equipment	(896,085)	(124,868)	75,671	(945,282)
Vehicles	(698,566)	(73,061)	62,730	(708,897)
Infrastructure	(19,032)	(1,952)	0	(20,984)
Total accumulated depreciation	<u>(4,511,173)</u>	<u>(437,624)</u>	<u>138,401</u>	<u>(4,810,396)</u>
Depreciable capital assets, net	<u>7,046,855</u>	<u>(112,885)</u>	<u>(5,406)</u>	<u>6,928,564</u>
Governmental activities capital assets, net	<u>\$ 7,463,852</u>	<u>\$ (112,885)</u>	<u>\$ (5,406)</u>	<u>\$ 7,345,561</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:-	
Regular instruction	\$ 147,471
Special instruction	1,726
Vocational instruction	155
Support Services:-	
Pupils	234
Administration	2,383
Fiscal	1,702
Operation and maintenance of plant	130,584
Pupil transportation	74,956
Non-Instructional services	11,532
Extracurricular activities	<u>66,881</u>
Total depreciation expense	<u>\$ 437,624</u>

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 10 - INTERFUND ASSETS/LIABILITIES:-

At June 30, 2011, the general fund had an interfund receivable, in the amount of \$158,242, from other governmental funds, related to short-term advances.

NOTE 11 - RISK MANAGEMENT:-

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted for the following insurance coverage.

Coverage provided by the Netherlands Insurance Company is as follows:

Building and Contents-replacement cost	\$37,676,255
General liability;-	
Per occurrence	1,000,000
Aggregate	2,000,000
Excess liability	1,000,000
Automobile liability	1,000,000
Uninsured motorists	250,000

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

For fiscal year 2011, the School District participated in the Ohio School Board Association and Ohio Association of School Business Officials' Ohio School Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, CompManagement, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate of their rating tier rather than its individual rate. CompManagement, Inc. provides administrative, cost control and actuarial services to the Plan.

The School District participates in the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (Trust), a public entity shared risk pool consisting of eight school districts and the Madison/Champaign County and Delaware/Union County Educational Service Centers. The School District pays monthly premiums to the Trust for employee medical, dental, and life insurance. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, the participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 12 - DEFINED BENEFIT PENSION PLANS:-

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 12 - DEFINED BENEFIT PENSION PLANS:- (continued)

adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute 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 School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

For the fiscal year ended June 30, 2011, plan members were required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$152,610, \$163,893, and \$121,472, respectively; 44.88% has been contributed for fiscal year 2011 100% for fiscal years 2010 and 2009.

State Teachers Retirement System

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

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

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

For the fiscal year ended June 30, 2011, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 12 - DEFINED BENEFIT PENSION PLANS:- (continued)

Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$660,111, \$705,140, and \$716,863, respectively; 84.26% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2011, one member of the Board of Education elected Social Security. The Board's liability is 6.2% of wages.

NOTE 13 - POSTEMPLOYMENT BENEFITS:-

School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year after the allocation for statutory required benefits, the Retirement Board allocates the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$18,892.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$37,371, \$25,519, and \$55,591, respectively; 44.88% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.76% of covered payroll. The School

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 13 - POSTEMPLOYMENT BENEFITS:- (continued)

District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$9,821, \$9,746, and \$10,022, respectively; 44.88% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$50,778, \$54,242, and \$55,143, respectively; 84.26% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

NOTE 14 - OTHER EMPLOYEE BENEFITS:-

Compensation Absences

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws. Classified and administrative employees earn five to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 221 days for all school personnel. Upon retirement, payment is made for one fourth of their accrued, but unused sick leave credit to a maximum of forty-one and one-half days for all employees.

Health Care Benefits

The School District provides medical, dental, and life insurance benefits to all employees who work thirty or more hours per week through Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust. Depending on the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with the employee depending on the terms of the union contract.

Separation Benefits

Employees who retired in fiscal year 2011 were offered a separation benefit. Employees were offered a one time incentive in addition to severance benefits and pension benefits. The incentive, in the amount of \$3,000 per \$10,000 of annual salary, is offered in the first year of retirement eligibility. The employee has the opportunity to accept or reject their incentive opportunity. If rejected, the employee will then be eligible for a reduced benefit of \$1,500 per \$10,000 of annual salary when they retire. At June 30, 2011, the liability for separation benefits was \$39,019.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 15 - LONG-TERM OBLIGATIONS:-

Changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Balance Outstanding 6/30/2010	Additions	Reductions	Balance Outstanding 6/30/2011	Amounts Due in One Year
Governmental Activities					
General Long-Term Obligations					
School Improvement Bonds					
FY 2011 2.0% - 3.25%	\$ 1,795,000	\$ 1,435,000	\$ 1,795,000	\$ 1,435,000	\$ 0
Bond Premium	0	11,143	0	11,143	0
Energy Conservation Loan					
FY 2007 2.442%	314,941	0	65,000	249,941	65,000
Total General Long-Term Obligations	2,109,941	1,446,143	1,860,000	1,696,084	65,000
Compensated Absences Payable	681,457	56,014	37,271	700,200	51,845
Capital Leases Payable	9,628	87,926	20,626	76,928	15,759
Total Governmental Activities Long-Term Obligations	\$ 2,801,026	\$ 1,590,083	\$ 1,917,897	\$ 2,473,212	\$ 132,604

In September 1993, the school District issued \$4,500,000 in voted general obligation bonds for building improvements. The bonds were issued for a twenty-five year period, with final maturity on December 1, 2018. In April 2011, the School District refunded these bonds with lower borrowing rates under then-current market conditions, resulting in a cash flow savings over the remaining life of the bonds. The bonds are being retired through the Bond Retirement debt service fund.

In June 2006, the School District obtained a loan, in the amount of \$649,941, to provide energy conservation measures for the School District. The loan was obtained for a ten year period, with final maturity in fiscal year 2015.

Compensated absences will be paid from the General Fund. Capital leases will also be paid from the General Fund.

The School District's overall debt margin was \$14,076,049 with an unvoted debt margin of \$172,345 at June 30, 2011.

Principal and interest requirements to retire the general long-term obligations outstanding at June 30, 2011, were as follows:

Year	<u>School Improvement Bonds</u>		<u>Energy Conservation Loan</u>		Total
	Principal	Interest	Principal	Interest	
2012	\$ 0	\$ 36,919	\$ 65,000	\$ 4,999	\$ 106,918
2013	195,000	31,955	65,000	3,699	295,654
2014	195,000	28,055	65,000	2,399	290,454
2015	200,000	24,055	54,941	1,099	280,095
2016	205,000	19,904	0	0	224,904
2017-2019	640,000	29,651	0	0	669,651
Totals	\$ 1,435,000	\$ 170,539	\$ 249,941	\$ 12,196	\$ 1,867,676

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 16 - CAPITAL LEASES- LESSEE DISCLOSURE:-

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one with transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Operation and Maintenance of Plant" and "Inception of Capital Lease" in the funds which will be making the lease payments. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2011 were \$20,625.

	Governmental Activities
Property under capital lease	\$ 87,926
Less accumulated depreciation	(13,188)
Total June 30, 2011	\$ 74,738

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

<u>Fiscal Year Ending:-</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 15,759	\$ 5,765	\$ 21,524
2013	17,111	4,413	21,524
2014	18,579	2,946	21,525
2015	20,172	1,352	21,524
2016	5,307	73	5,380
Total	\$ 76,928	\$ 14,549	\$ 91,477

NOTE 17 - SET-ASIDES:-

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2011.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside reserve balance as of June 30, 2010	\$ 119,429	\$ (372,177)
Current year set-aside requirement	198,696	198,696
Current year qualifying expenditures	(94,372)	(329,558)
Set-aside reserve balance as of June 30, 2011	\$ 223,753	\$ (503,039)

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO**
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 18 - INTERFUND TRANSFERS:-

During the fiscal year 2011, the General Fund made transfers to other governmental funds in the amount of \$1,922 to subsidize programs in other funds.

NOTE 19 - DONOR RESTRICTED ENDOWMENTS:-

The School District's private purpose trust fund includes donor restricted endowments. Endowment, in the amount of \$10,000 represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$6,127 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

NOTE 20 - FUND BALANCES:-

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Permanent Improvement</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable for:					
Inventory held for resale	\$ 0	\$ 0	\$ 0	\$ 5,756	\$ 5,756
Materials and supplies inventory	0	0	0	950	950
Total Nonspendable	0	0	0	6,706	6,706
Restricted for:					
Textbooks and instructional materials	223,753	0	0	0	223,753
Athletics and music	0	0	0	33,264	33,264
Bond retirement	0	0	500,613	0	500,613
Academic improvement of disadvantaged students	0	0	0	15,351	15,351
Student improvement	0	0	0	16,910	16,910
Total restricted	223,753	0	500,613	65,525	789,891
Committed for:					
Maintenance	11,000	0	0	0	11,000
Assigned for:					
Student activities	45,652	0	0	0	45,652
Capital improvements	0	1,341,838	0	0	1,341,838
Total assigned	45,652	1,341,838	0	0	1,387,490
Unassigned:	2,909,136	0	0	(22,916)	2,886,220
Total fund balance	\$ 3,189,541	\$ 1,341,838	\$ 500,613	\$ 49,315	\$ 5,081,307

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 21 - PLEASANT COMMUNITY ACADEMY:-

Basis of Presentation

Pleasant Community Academy is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. Pleasant Community Academy uses the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Deposits and Investments

At fiscal year end, PCA's entire bank balance of \$73,351 was FDIC-insured. At June 30, 2011, PCA had the following investment:

	Fair Value	Maturity
STAR Ohio	\$ 17,315	average 58.3 days

STAR Ohio Carries a rating of AAAM by Standard and Poor's. PCA has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Depreciable Capital Assets				
Equipment	\$ 206,308	\$ 2,995	\$ 0	\$ 209,303
Less Accumulated Depreciation	(167,824)	(19,050)	0	(186,874)
Capital Assets, Net	\$ 38,484	\$ (16,055)	\$ 0	\$ 22,429

NOTE 22 - PLEASANT EDUCATION ACADEMY: -

Basis of Presentation

Pleasant Education academy is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. Pleasant Education Academy uses the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Deposits and Investments

At fiscal year end, PEA's entire bank balance of \$95,383 was FDIC-insured.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 22 - PLEASANT EDUCATION ACADEMY: -

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at		Additions		Reductions		Balance at
	6/30/10						6/30/11
Depreciable Capital Assets							
Equipment	\$ 20,709	\$	152,309	\$	0	\$	173,018
Less Accumulated Depreciation	(1,344)	(34,213)	0	(35,557)	
Capital Assets, Net	<u>\$ 19,365</u>	<u>\$</u>	<u>118,096</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>137,461</u>

NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS:-

Tri-Rivers Educational Computer Association - The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2011, the School District paid \$35,854 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

Tri-Rivers Joint Vocational School (JVS) - The Tri-Rivers Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operations under the direction of a Board consisting of one representative from each of the then participating school districts' Board of Education. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from the Tri-Rivers Joint Vocational School, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

North Central Regional Professional Development Center - The North Central Regional Professional Development Center (Center) is a jointly governed organization amount the school districts in Crawford, Huron, Knox, Marion, Morrow, Richland, Seneca, and Wyandot Counties. The organization was formed to create and sustain self-renewing learning communities to transform education in Ohio so that all learners can achieve their full potential. The Center is governed by a twenty-one member Board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Mid-Ohio Educational Service Center, 1495 West Longview Avenue, Suite 202, Mansfield, Ohio 44906.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS:- (continued)

North Central Ohio Special Education Regional Resource Center - The North Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a forty-seven member board including the superintendent from the forty-two participating educational entities, one representative from a non-public school, one representative from Knox County Educational Service Center, one representative from Ashland University, and two parents of children with disabilities. The degree of control exercised by any participating educational entity is limited to its representative on the Board. Financial information can be obtained from the Knox county Educational Service Center, 308 Martinsburg Road, Mt. Vernon, Ohio 43050.

Northwestern Ohio Educational Research Council, Inc. - The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of one hundred forty-two school districts, libraries, and related agencies in twenty-seven counties. The purpose of the MEC is to obtain prices for quality merchandise and services commonly used by the participants. The governing board of the MEC consists of one representative from each participant. All participants must pay all fees, charges, or other assessments as established by the MEC. Financial information can be obtained from the Metropolitan Educational Council, 2100 Citygate Drive, Columbus, Ohio 43219.

NOTE 24 - INSURANCE POOLS:-

Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan- The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The OASBO Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials and the Ohio School Boards Association as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust- The Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (Trust), is a public entity shared risk pool consisting of eight school districts and the Madison/Champaign County and Delaware Union County Educational Service Centers. The Trust is organized as a Voluntary Employee Benefit association under Section 501 (c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee concerning aspects of the administration of the Trust. Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of monthly premiums. Financial information can be obtained from the North Union Local School District, 12920 State Route 739, Richwood, Ohio, 43344.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 25 - CONTINGENCIES:-

Grants

The School 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 School District at June 30, 2011.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO**
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANT NUMBER</u>	<u>RECEIPTS</u>	<u>DISBURSE- MENTS</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:-</u>				
Pass-Through Ohio Department of Education				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2011	\$ 126,207	\$ 126,207
National School Lunch Program	10.555	2011	85,501	85,501
Total Child Nutrition Cluster			<u>211,708</u>	<u>211,708</u>
Total U.S. Department of Agriculture			<u>211,708</u>	<u>211,708</u>
<u>U.S. DEPARTMENT OF EDUCATION:-</u>				
Pass-Through Ohio Department of Education				
Title I Cluster				
Title I Grants to Local Education Agencies	84.010	2010	22,919	15,959
Title I Grants to Local Education Agencies	84.010	2011	96,033	94,206
Total Title I Grants to Local Educational Agencies			<u>118,952</u>	<u>110,165</u>
ARRA-Title I Grants to Local Educational Agencies	84.389	2010	5,121	2,969
ARRA-Title I Grants to Local Educational Agencies	84.389	2011	34,359	31,732
Total ARRA-Title I Grants to Local Educational Agencies			<u>39,480</u>	<u>34,701</u>
Total Title I Cluster			<u>158,432</u>	<u>144,866</u>
Special Education Cluster				
Special Education-Grants to States	84.027	2010	28,561	24,036
Special Education-Grants to States	84.027	2011	192,533	198,032
Total Special Education Grants to States			<u>221,094</u>	<u>222,068</u>
ARRA-Special Education Grants to States	84.391	2010	17,526	18,740
ARRA-Special Education Grants to States	84.391	2011	115,595	113,982
Total ARRA-Special Education Grants to States			<u>133,121</u>	<u>132,722</u>
Total Special Education Cluster			<u>354,215</u>	<u>354,790</u>
Safe and Drug-Free Schools and Communities-State Grants	84.186	2010	0	301
Total Safe and Drug-Free Schools and Communities-State Grants			<u>0</u>	<u>301</u>
Twenty-First Century Community Learning Centers	84.287	2010	39,035	37,282
Twenty-First Century Community Learning Centers	84.287	2011	131,582	127,007
Total Twenty-First Century Community Learning Centers			<u>170,617</u>	<u>164,289</u>
Education Technology State Grants	84.318	2010	1,042	1,161
Education Technology State Grants	84.318	2011	420	420
Total Educational Technology State Grants			<u>1,462</u>	<u>1,581</u>
Improving Teacher Quality State Grants	84.367	2010	822	16
Improving Teacher Quality State Grants	84.367	2011	52,192	51,453
Total Improving Teacher Quality State Grants			<u>53,014</u>	<u>51,469</u>
ARRA-State Fiscal Stabilization (SFSF) - Education State Grants	84.394	2011	318,893	318,893
<u>U.S. DEPARTMENT OF EDUCATION:-</u>				
Safe and Drug-Free Schools and Communities-National Grants	84.184	N/A	47,012	47,012
Total Safe and Drug-Free Schools and Communities-National Grants			<u>47,012</u>	<u>47,012</u>
Carol M White PEP Grants	84.215	N/A	10,300	10,300
Total Carol M White PEP Grants			<u>10,300</u>	<u>10,300</u>
Total U.S. Department of Education			<u>1,113,945</u>	<u>1,093,501</u>
Total Federal Assistance			<u>\$ 1,325,653</u>	<u>\$ 1,305,209</u>

See accompanying notes to schedule of federal awards.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES:-

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - CHILD NUTRITION CLUSTER:-

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

NOTE C - FOOD DONATION PROGRAM:-

The district reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.



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

Board of Education
Pleasant Local School District
Marion County
Marion, Ohio 43302

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pleasant Local School District, Marion County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the Pleasant Local School District's basic financial statements and have issued our report thereon dated December 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Pleasant Local School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of Pleasant Local School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We intend this report solely for the information and use of management and the Board of Directors of Pleasant Local School District and others within the Pleasant Local School District. We intend it for no one other than these specified parties.

Shullbrook & Mantel

Certified Public Accountants

December 22, 2011



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

Board of Education
Pleasant Local School District
Marion County
Marion, OH 43302

Compliance

We have audited the compliance of Pleasant Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect each of Pleasant Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

This report is replacing our previously issued report dated December 22, 2011. Subsequent to December 22, 2011, we have performed additional procedures on compliance because it was brought to our attention the District received Special Education ARRA funds and State Fiscal Stabilization ARRA funds in amounts that required the programs to be tested as major federal programs. The results of our testing of the previously mentioned programs identified one instance of other non-compliance issues.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as item 2011-001.

Internal Control Over Compliance

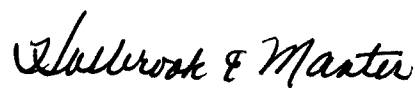
The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-001. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charges with governance.

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

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



Certified Public Accountants

December 22, 2011, except for the Special Education Cluster and the State Fiscal Stabilization Fund as to which the date is March 28, 2012.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS	
Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any reported noncompliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other significant internal control deficiencies reported for major federal programs?	Yes
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under §.510	Yes
Major Programs (list):	Title I Grants to Local Educational Agencies (Title I) CFDA 84.010 (Title I ARRA) CFDA 84.389 Child Nutrition Cluster CFDA 10.553 and 10.555 Special Education Cluster (IDEA Part B) CFDA 84.027 (IDEA Part B ARRA) CFDA 84.391 State Fiscal Stabilization Fund CFDA 84.394
Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B: all others
Low Risk Auditee?	Yes

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Significant Deficiency/Other Non-Compliance Citation

2011-001- Development, Review, and Revision of IEPs

**CFDA Title and Number - CFDA 84.027 – Special Education – Grants to States - 2010
CFDA 84.391 – ARRA - Special Education – Grants to States – 2010
CFDA 84.027 – Special Education – Grants to States – 2011
CFDA 84.391 – ARRA – Special Education – Grants to States – 2011**

Federal Award Number/Year – 2010 and 2011

Federal Agency - U.S. Department of Education

Pass-Through Agency – Ohio Department of Education

Ohio Administrative Code Section 3301-51-06, Section B(1) states that each school district of residence must conduct a full and individual initial evaluation, in accordance with this rule, before the initial provision of special education and related services under Part B of the Individuals with Disabilities Education Act, as amended by the Individuals with Disabilities Education Improvement Act of 2004, December 2004 (IDEA) to a child with a disability residing in the school district.

In developing each child's Individual Education Plan (IEP), the IEP Team must consider the strengths of the child, the concerns of the parents for enhancing the education of their child, the results of the initial or most recent evaluation of the child and the academic, developmental, and functional needs of the child. The IEP Team must, in the case of a child whose behavior impedes the child's learning or that of others, consider the use of positive behavioral interventions and supports, and other strategies, to address that behavior.

A regular education teacher of a child with a disability, as a member of the IEP Team, must, to the extent appropriate, participate in the development of the IEP of the child, including the determination of the appropriate positive behavioral interventions and supports and other strategies for the child and supplementary aids and services, program modifications, and support for school personnel consistent with §300.320(a)(4).

Each public agency must ensure that the IEP Team reviews the child's IEP periodically, but not less than annually, to determine whether the annual goals for the child are being achieved and revises the IEP, as appropriate, to address any lack of expected progress toward the annual goals and in the general education curriculum, if appropriate, the results of any reevaluation conducted, information about the child provided to, or by, the parents, the child's anticipated needs, or other matters. In conducting a review of the child's IEP, the IEP Team must consider the special factors. A regular education teacher of the child, as a member of the IEP Team must participate in the review and revision of the IEP of the child.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2011-001- Development, Review, and Revision of IEPs – (continued)

During Ohio Department of Education's compliance review, including testing and analysis of selected IEP's, the following issues were noted and were required to take corrective action upon by the School District:

- Several IEP records reviewed did not address how the child's disability affects his/her involvement and progress in the general education curriculum.
- A few of the initial evaluation records tested did not appropriately document interventions.
- Some of the records evaluated did not show evidence that the evaluation was conducted according to the evaluation plan and / or did not address all areas related to the suspected disability.
- Several of the IEP records tested by ODE did not state measurable, annual goals.
- Several IEP records reviewed did not contain a statement of specially designed instruction that addresses the needs of the child and supports annual goals.
- Several records did not indicate the location where special designed instruction or related services would be provided to the child.

We recommend that the District follow the corrective action plan as approved by the Ohio Department of Education to correct the issues noted above. By following the corrective action plan and implementing the appropriate internal control review of the IEP files as well as additional staff training, this may prevent any future non-compliance within the IEP's.

Officials Response:-

The compliance review performed by ODE was finalized during 2011 and a corrective action plan has been put together to correct the findings noted above. Subsequent to year end, the majority of the corrective actions have been taken by the District. According to the plan, those actions that have not been implemented, the District has until May 2012 based upon ODE requirements to properly take action.



INDEPENDENT ACCOUNTS' REPORT
ON APPLYING AGREED-UPON PROCEDURE

Pleasant Local School District
Marion County
1107 Owens Road
Marion, Ohio 43302

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Pleasant Local School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on **April 26, 2010** to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Holbrook & Manter

Certified Public Accountants

December 22, 2011

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Dave Yost • Auditor of State

PLEASANT LOCAL SCHOOL DISTRICT

MARION 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
APRIL 17, 2012**