



**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of Pleasant Local School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Pleasant Local School District, Marion County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

JIM PETRO
Auditor of State

December 8, 2000

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Assets and Other Debits:									
Assets:									
Equity in Pooled Cash and Cash Equivalents	\$2,744,656	\$241,648	\$304,929	\$54,283	\$62,783	\$51,069	\$0	\$0	\$3,459,368
Cash and Cash Equivalents with Fiscal Agent	0	392	0	0	0	0	0	0	392
Receivables:									
Property Taxes	3,438,755	0	362,795	0	0	0	0	0	3,801,550
Accounts	1,258	4,656	0	0	7,437	0	0	0	13,351
Intergovernmental	5,679	2,085	0	0	7,966	0	0	0	15,730
Accrued Interest	14,810	0	0	0	0	0	0	0	14,810
Interfund	30,000	0	20,958	0	0	0	0	0	50,958
Due from Other Funds	0	0	0	0	1,605	0	0	0	1,605
Prepaid Items	45,317	2,144	0	0	1,097	0	0	0	48,558
Inventory Held for Resale	0	0	0	0	6,847	0	0	0	6,847
Materials and Supplies Inventory	32,182	0	0	0	661	0	0	0	32,843
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	113,973	0	0	0	0	0	0	0	113,973
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0	17,745	0	9,431,381	0	9,449,126
Other Debits:									
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0	0	0	0	454,857	454,857
Amount to be Provided from General Governmental Resources	0	0	0	0	0	0	0	4,363,573	4,363,573
Total Assets and Other Debits	\$6,426,630	\$250,925	\$688,682	\$54,283	\$106,141	\$51,069	\$9,431,381	\$4,818,430	\$21,827,541

(Continued)

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Liabilities, Fund Equity, and Other Credits:									
Liabilities:									
Accounts Payable	\$47,131	\$9,325	\$0	\$0	\$1,389	\$0	\$0	\$0	\$57,845
Accrued Wages and Benefits	489,042	16,918	0	0	12,246	0	0	0	518,206
Compensated Absences Payable	19,661	0	0	0	3,413	0	0	411,941	435,015
Contracts Payable	37,994	0	0	0	0	0	0	0	37,994
Retainage Payable	18,826	0	0	0	0	0	0	0	18,826
Intergovernmental Payable	110,920	2,958	0	0	24,482	0	0	47,699	186,059
Interfund Payable	20,958	0	0	0	30,000	0	0	0	50,958
Due to Other Funds	0	1,605	0	0	0	0	0	0	1,605
Deferred Revenue	2,366,859	0	233,825	0	4,017	0	0	0	2,604,701
Due to Students	0	0	0	0	0	16,421	0	0	16,421
Special Termination Benefits Payable	0	0	0	0	0	0	0	8,790	8,790
Energy Conservation Loan Payable	0	0	0	0	0	0	0	540,000	540,000
General Obligation Bonds Payable	0	0	0	0	0	0	0	3,810,000	3,810,000
Total Liabilities	3,111,391	30,806	233,825	0	75,547	16,421	0	4,818,430	8,286,420
Fund Equity and Other Credits:									
Investment in General Fixed Assets	0	0	0	0	0	0	9,431,381	0	9,431,381
Contributed Capital	0	0	0	0	1,784	0	0	0	1,784
Retained Earnings:									
Unreserved	0	0	0	0	28,810	0	0	0	28,810
Fund Balance:									
Reserved for Property Taxes	1,071,896	0	128,970	0	0	0	0	0	1,200,866
Reserved for Inventory	32,182	0	0	0	0	0	0	0	32,182
Reserved for Budget Stabilization	89,183	0	0	0	0	0	0	0	89,183
Reserved for Bus Purchase	24,790	0	0	0	0	0	0	0	24,790
Reserved for Contributions	0	0	0	0	0	10,000	0	0	10,000
Reserved for Encumbrances	1,056,314	41,029	0	0	0	0	0	0	1,097,343
Designated for Textbooks	10,147	0	0	0	0	0	0	0	10,147
Designated for Capital Improvements	8,077	0	0	0	0	0	0	0	8,077
Unreserved, Undesignated	1,022,650	179,090	325,887	54,283	0	24,648	0	0	1,606,558
Total Fund Equity and Other Credits	3,315,239	220,119	454,857	54,283	30,594	34,648	9,431,381	0	13,541,121
Total Liabilities, Fund Equity, and Other Credits	\$6,426,630	\$250,925	\$688,682	\$54,283	\$106,141	\$51,069	\$9,431,381	\$4,818,430	\$21,827,541

See Accompanying Notes to the General Purpose Financial Statements

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
JUNE 30, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property Taxes	\$3,484,712	\$0	\$363,578	\$0	\$0	\$3,848,290
Intergovernmental	3,166,278	391,282	43,084	187,921	0	3,788,565
Interest	213,230	212	0	0	1,285	214,727
Tuition and Fees	385,721	0	0	0	0	385,721
Extracurricular Activities	8,428	158,316	0	0	0	166,744
Gifts and Donations	0	9,846	0	0	18,800	28,646
Miscellaneous	5,522	24,580	0	0	0	30,102
Total Revenues	<u>7,263,891</u>	<u>584,236</u>	<u>406,662</u>	<u>187,921</u>	<u>20,085</u>	<u>8,462,795</u>
Expenditures:						
Current:						
Instruction:						
Regular	3,191,462	78,480	0	0	0	3,269,942
Special	424,935	160,640	0	0	0	585,575
Vocational	67,485	0	0	0	0	67,485
Adult/Continuing	990	0	0	0	0	990
Other	12,169	0	0	0	0	12,169
Support Services:						
Pupils	216,740	44,919	0	0	0	261,659
Instructional Staff	291,452	40,031	0	0	0	331,483
Board of Education	57,900	0	0	0	0	57,900
Administration	558,715	197	0	0	0	558,912
Fiscal	201,515	1,302	7,866	0	0	210,683
Operation and Maintenance of Plant	623,203	0	0	0	0	623,203
Pupil Transportation	281,886	619	0	0	0	282,505
Central	1,475	0	0	0	0	1,475
Non-Instructional Services	2,342	0	0	0	0	2,342
Extracurricular Activities	172,532	128,451	0	0	9,500	310,483
Capital Outlay	200,843	0	0	654,906	0	855,749
Intergovernmental	0	64,553	0	0	0	64,553
Debt Service:						
Principal Retirement	0	0	165,000	60,000	0	225,000
Interest and Fiscal Charges	0	0	203,483	21,797	0	225,280
Total Expenditures	<u>6,305,644</u>	<u>519,192</u>	<u>376,349</u>	<u>736,703</u>	<u>9,500</u>	<u>7,947,388</u>
Excess of Revenues Over (Under) Expenditures	<u>958,247</u>	<u>65,044</u>	<u>30,313</u>	<u>(548,782)</u>	<u>10,585</u>	<u>515,407</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	11,554	0	0	0	0	11,554
Proceeds of Notes	0	0	0	500,000	0	500,000
Operating Transfers In	17,106	34,987	0	81,797	0	133,890
Operating Transfers Out	(116,784)	0	0	(17,106)	0	(133,890)
Total Other Financing Sources (Uses)	<u>(88,124)</u>	<u>34,987</u>	<u>0</u>	<u>564,691</u>	<u>0</u>	<u>511,554</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	870,123	100,031	30,313	15,909	10,585	1,026,961
Fund Balances at Beginning of Year	2,445,943	120,088	424,544	38,374	14,010	3,042,959
Decrease in Reserve for Inventory	(827)	0	0	0	0	(827)
Fund Balances at End of Year	<u>\$3,315,239</u>	<u>\$220,119</u>	<u>\$454,857</u>	<u>\$54,283</u>	<u>\$24,595</u>	<u>\$4,069,093</u>

See Accompanying Notes to the General Purpose Financial Statements

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PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$3,429,074	\$3,429,074	\$0	\$0	\$0	\$0
Intergovernmental	3,183,568	3,183,568	0	383,270	383,270	0
Interest	195,470	195,470	0	163	163	0
Tuition and Fees	384,800	384,800	0	0	0	0
Extracurricular Activities	8,428	8,428	0	158,997	158,997	0
Gifts and Donations	0	0	0	9,846	9,846	0
Miscellaneous	2,329	2,329	0	0	0	0
Total Revenues	7,203,669	7,203,669	0	552,276	552,276	0
Expenditures:						
Current:						
Instruction:						
Regular	3,439,264	3,260,875	178,389	129,595	94,831	34,764
Special	505,048	429,511	75,537	185,075	159,402	25,673
Vocational	92,383	86,272	6,111	0	0	0
Adult/Continuing	1,000	990	10	0	0	0
Other	27,000	12,169	14,831	0	0	0
Support Services:						
Pupils	290,463	236,446	54,017	45,383	45,133	250
Instructional Staff	359,193	328,178	31,015	112,322	106,624	5,698
Board of Education	78,700	57,620	21,080	0	0	0
Administration	609,065	594,534	14,531	0	0	0
Fiscal	225,292	222,178	3,114	1,302	1,302	0
Operation and Maintenance of Plant	781,892	676,866	105,026	0	0	0
Pupil Transportation	390,643	347,645	42,998	0	0	0
Central	1,830	1,475	355	0	0	0
Non-Instructional Services	3,000	2,342	658	500	0	500
Extracurricular Activities	178,503	170,830	7,673	203,272	156,448	46,824
Capital Outlay	672,663	534,447	138,216	0	0	0
Debt Service:						
Principal Retirement	600,291	600,291	0	0	0	0
Interest and Fiscal Charges	21,797	21,797	0	0	0	0
Total Expenditures	8,278,027	7,584,466	693,561	677,449	563,740	113,709
Excess of Revenues Over (Under) Expenditures	(1,074,358)	(380,797)	693,561	(125,173)	(11,464)	113,709
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	11,554	11,554	0	0	0	0
Proceeds of Notes	0	0	0	0	0	0
Refund of Prior Year Expenditures	47,555	47,555	0	0	0	0
Other Financing Sources	0	0	0	24,580	24,580	0
Advances In	144,240	144,240	0	0	0	0
Advances Out	(30,000)	(30,000)	0	0	0	0
Operating Transfers In	17,106	17,106	0	34,987	34,987	0
Operating Transfers Out	(35,811)	(34,987)	824	0	0	0
Total Other Financing Sources (Uses)	154,644	155,468	824	59,567	59,567	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(919,714)	(225,329)	694,385	(65,606)	48,103	113,709
Fund Balances at Beginning of Year	951,978	951,978	0	113,184	113,184	0
Prior Year Encumbrances Appropriated	967,094	967,094	0	35,235	35,235	0
Fund Balances at End of Year	\$999,358	\$1,693,743	\$694,385	\$82,813	\$196,522	\$113,709

(Continued)

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
JUNE 30, 2000
(Continued)**

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$356,463	\$356,463	\$0	\$0	\$0	\$0
Intergovernmental	22,126	22,126	0	187,921	187,921	0
Interest	0	0	0	291	291	0
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	378,589	378,589	0	188,212	188,212	0
Expenditures:						
Current:						
Instruction:						
Regular	0	0	0	78,336	35,053	43,283
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Adult/Continuing	0	0	0	0	0	0
Other	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	7,866	7,866	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	716,791	716,791	0
Debt Service:						
Principal Retirement	165,234	165,000	234	0	0	0
Interest and Fiscal Charges	203,483	203,483	0	0	0	0
Total Expenditures	376,583	376,349	234	795,127	751,844	43,283
Excess of Revenues Over (Under) Expenditures	2,006	2,240	234	(606,915)	(563,632)	43,283
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Proceeds of Notes	0	0	0	500,000	500,000	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	(144,240)	(144,240)	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	(17,106)	(17,106)	0
Total Other Financing Sources (Uses)	0	0	0	338,654	338,654	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,006	2,240	234	(268,261)	(224,978)	43,283
Fund Balances at Beginning of Year	302,689	302,689	0	41,486	41,486	0
Prior Year Encumbrances Appropriated	0	0	0	237,775	237,775	0
Fund Balances at End of Year	\$304,695	\$304,929	\$234	\$11,000	\$54,283	\$43,283

See Accompanying Notes to the General Purpose Financial Statements

Expendable Trust Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,785,537	\$3,785,537	\$0
0	0	0	3,776,885	3,776,885	0
1,212	1,212	0	197,136	197,136	0
0	0	0	384,800	384,800	0
0	0	0	167,425	167,425	0
18,800	18,800	0	28,646	28,646	0
0	0	0	2,329	2,329	0
<u>20,012</u>	<u>20,012</u>	<u>0</u>	<u>8,342,758</u>	<u>8,342,758</u>	<u>0</u>
0	0	0	3,647,195	3,390,759	256,436
0	0	0	690,123	588,913	101,210
0	0	0	92,383	86,272	6,111
0	0	0	1,000	990	10
0	0	0	27,000	12,169	14,831
0	0	0	335,846	281,579	54,267
0	0	0	471,515	434,802	36,713
0	0	0	78,700	57,620	21,080
0	0	0	609,065	594,534	14,531
0	0	0	234,460	231,346	3,114
0	0	0	781,892	676,866	105,026
0	0	0	390,643	347,645	42,998
0	0	0	1,830	1,475	355
0	0	0	3,500	2,342	1,158
11,500	9,500	2,000	393,275	336,778	56,497
0	0	0	1,389,454	1,251,238	138,216
0	0	0	765,525	765,291	234
0	0	0	225,280	225,280	0
<u>11,500</u>	<u>9,500</u>	<u>2,000</u>	<u>10,138,686</u>	<u>9,285,899</u>	<u>852,787</u>
<u>8,512</u>	<u>10,512</u>	<u>2,000</u>	<u>(1,795,928)</u>	<u>(943,141)</u>	<u>852,787</u>
0	0	0	11,554	11,554	0
0	0	0	500,000	500,000	0
0	0	0	47,555	47,555	0
0	0	0	24,580	24,580	0
0	0	0	144,240	144,240	0
0	0	0	(174,240)	(174,240)	0
0	0	0	52,093	52,093	0
0	0	0	(52,917)	(52,093)	824
<u>0</u>	<u>0</u>	<u>0</u>	<u>552,865</u>	<u>553,689</u>	<u>824</u>
8,512	10,512	2,000	(1,243,063)	(389,452)	853,611
13,956	13,956	0	1,423,293	1,423,293	0
0	0	0	1,240,104	1,240,104	0
<u>\$22,468</u>	<u>\$24,468</u>	<u>\$2,000</u>	<u>\$1,420,334</u>	<u>\$2,273,945</u>	<u>\$853,611</u>

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**COMBINES STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Operating Revenues:			
Sales	\$334,869	\$0	\$334,869
Interest	0	574	574
Total Operating Revenues	<u>334,869</u>	<u>574</u>	<u>335,443</u>
Operating Expenses:			
Salaries	118,666	0	118,666
Fringe Benefits	39,306	0	39,306
Purchased Services	3,868	0	3,868
Materials and Supplies	1,680	0	1,680
Cost of Sales	245,839	0	245,839
Depreciation	1,354	0	1,354
Other Operating Expenses	423	562	985
Total Operating Expenses	<u>411,136</u>	<u>562</u>	<u>411,698</u>
Operating Income (Loss)	<u>(76,267)</u>	<u>12</u>	<u>(76,255)</u>
Non-Operating Revenues:			
Interest	1,549	0	1,549
Federal Donated Commodities	30,424	0	30,424
Operating Grants	59,555	0	59,555
Total Non-Operating Revenues	<u>91,528</u>	<u>0</u>	<u>91,528</u>
Net Income	15,261	12	15,273
Retained Earnings/Fund Balance at Beginning of Year	<u>13,549</u>	<u>10,041</u>	<u>23,590</u>
Retained Earnings/Fund Balance at End of Year	<u>28,810</u>	<u>10,053</u>	<u>38,863</u>
Contributed Capital at Beginning and End of Year	<u>1,784</u>	<u>0</u>	<u>1,784</u>
Total Fund Equity at End of Year	<u><u>\$30,594</u></u>	<u><u>\$10,053</u></u>	<u><u>\$40,647</u></u>

See Accompanying Notes to the General Purpose Financial Statements

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**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
JUNE 30, 2000**

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$333,126	\$333,126	\$0
Interest	1,331	1,331	0
Operating Grants	59,688	59,688	0
Total Revenues	394,145	394,145	0
Expenses:			
Salaries	123,236	120,756	2,480
Fringe Benefits	43,742	43,366	376
Purchased Services	9,650	5,620	4,030
Materials and Supplies	236,260	234,372	1,888
Capital Outlay	32,500	32,500	0
Other Expenses	500	423	77
Total Expenses	445,888	437,037	8,851
Excess of Revenues Over (Under) Expenses	(51,743)	(42,892)	8,851
Advances In	30,000	30,000	0
Excess of Revenues Over (Under) Expenses and Advances	(21,743)	(12,892)	8,851
Fund Balances at Beginning of Year	23,021	23,021	0
Prior Year Encumbrances Appropriated	34	34	0
Fund Balances at End of Year	\$1,312	\$10,163	\$8,851

See Accompanying Notes to the General Purpose Financial Statements

<u>Non-Expendable Trust Fund</u>			<u>Totals (Memorandum Only)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$0	\$0	\$0	\$333,126	\$333,126	\$0
562	562	0	1,893	1,893	0
0	0	0	59,688	59,688	0
<u>562</u>	<u>562</u>	<u>0</u>	<u>394,707</u>	<u>394,707</u>	<u>0</u>
0	0	0	123,236	120,756	2,480
0	0	0	43,742	43,366	376
0	0	0	9,650	5,620	4,030
0	0	0	236,260	234,372	1,888
0	0	0	32,500	32,500	0
562	562	0	1,062	985	77
<u>562</u>	<u>562</u>	<u>0</u>	<u>446,450</u>	<u>437,599</u>	<u>8,851</u>
0	0	0	(51,743)	(42,892)	8,851
<u>0</u>	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
0	0	0	(21,743)	(12,892)	8,851
10,000	10,000	0	33,021	33,021	0
0	0	0	34	34	0
<u>\$10,000</u>	<u>\$10,000</u>	<u>\$0</u>	<u>\$11,312</u>	<u>\$20,163</u>	<u>\$8,851</u>

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$333,141	\$0	\$333,141
Cash Payments for Salaries	(120,756)	0	(120,756)
Cash Payments for Fringe Benefits	(43,366)	0	(43,366)
Cash Payments to Suppliers for Goods and Services	(220,123)	0	(220,123)
Cash Payments for Other Expenses	(423)	(562)	(985)
Net Cash Used for Operating Activities	<u>(51,527)</u>	<u>(562)</u>	<u>(52,089)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from Operating Grants	59,688	0	59,688
Cash Received from Advances In	30,000	0	30,000
Net Cash Provided by Noncapital Financing Activities	<u>89,688</u>	<u>0</u>	<u>89,688</u>
Cash Flows from Investing Activities:			
Cash Received from Interest	<u>1,549</u>	<u>574</u>	<u>2,123</u>
Net Increase in Cash and Cash Equivalents	39,710	12	39,722
Cash and Cash Equivalents at Beginning of Year	<u>23,073</u>	<u>10,041</u>	<u>33,114</u>
Cash and Cash Equivalents at End of Year	<u>\$62,783</u>	<u>\$10,053</u>	<u>\$72,836</u>

(Continued)

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
JUNE 30, 2000
(Continued)**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	(\$76,267)	\$12	(\$76,255)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:			
Depreciation	1,354	0	1,354
Donated Commodities Used During Year	30,424	0	30,424
Interest Reported as Operating Income	0	(574)	(574)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(123)	0	(123)
Increase in Due from Other Funds	(1,605)	0	(1,605)
Increase in Prepaid Items	(86)	0	(86)
Increase in Inventory Held for Resale	(613)	0	(613)
Decrease in Materials and Supplies Inventory	191	0	191
Increase in Accounts Payable	1,251	0	1,251
Increase in Accrued Wages and Benefits	266	0	266
Decrease in Compensated Absences Payable	(2,192)	0	(2,192)
Decrease in Intergovernmental Payable	(4,127)	0	(4,127)
Net Cash Used for Operating Activities	(\$51,527)	(\$562)	(\$52,089)

Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$51,069
Less Agency Funds	(16,421)
Less Expendable Trust Fund	(24,595)
Cash and Cash Equivalents - Non-Expendable Trust Fund	\$10,053

See Accompanying Notes to the General Purpose Financial Statements

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**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1916. The School District serves an area of approximately thirty-six 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 428th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by fifty-six classified employees, seventy-nine certified teaching personnel, and seven administrative employees who provide services to 1,370 students and other community members. The School District currently operates three instructional buildings.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Pleasant Local School District, this includes general operations, food service, and student related activities of the School District.

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

The School District is associated with two jointly governed organizations and two insurance pools. These organizations are the Tri-Rivers Educational Computer Association (TRECA); Tri-Rivers Joint Vocational School; the Ohio School Boards Association Workers' Compensation Group Rating Plan; and the Champaign, Delaware, Marion, Union School Employees Welfare Benefit Association Trust. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pleasant Local School District have been prepared in conformity with generally accepted accounting principles (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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types

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

General Fund

The General Fund is the operating fund of the School 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.

Special Revenue Funds

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

Debt Service Fund

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

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

Capital Projects Funds

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

Proprietary Fund Type

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

Enterprise Funds

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust, non-expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District, except those accounted for in proprietary funds or trust funds.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: grants, interest, tuition, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type and non-expendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within a fund are made by the School District Treasurer.

The Early Childhood Preschool special revenue fund is a flow through grant in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Marion County Budget Commission for rate determination.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2000.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and the expendable trust fund and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust fund.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

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

Cash and cash equivalents held for the School District by the North Central Ohio Educational Service Center are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2000, investments were limited to nonnegotiable certificates of deposit, which are reported at cost, and 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, 2000.

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 2000 was \$213,230, which included \$38,787 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

Inventory in governmental funds is stated at cost while inventory in proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the proprietary funds consists of donated food, purchased food, and school supplies held for resale and is expensed when used.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary funds is computed using the straight-line method over an estimated useful life of eight to thirty years.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from/to Other Funds".

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 that 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 with more than one year of service.

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 School District records a liability for accumulated unused sick leave for all employees after seven years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have required the use of current available expendable resources. Long-term loans and bonds are reported as liabilities in the general long-term obligations account group until due.

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

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, inventories of materials and supplies, budget stabilization, bus purchase, contributions, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust fund. The designation for textbooks and capital improvements represent revenues set aside that exceed statutorily required amounts.

N. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Allocation

Non-Reimbursable Grants

Special Revenue Funds

- Professional Development
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- SchoolNet Professional Development
- Textbook/Instructional Materials
- Summer Intervention
- Eisenhower
- Title VI-B
- Title I
- Title VI

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

- Drug Free Schools
- Early Childhood Preschool
- CIP
- Title VI-R
- Library

Capital Projects Funds

- SchoolNet Plus
- Track

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Fund

- Technology E-Rate

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements were 44 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. 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.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Total Columns on General Purpose Financial Statements

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

3. ACCOUNTABILITY

The following funds had deficit fund balances at June 30, 2000.

<u>Fund Type/Fund</u>	<u>Deficit</u>
Special Revenue Funds	
Professional Development	\$3,031
Title VI-B	1,140
Title I	1,832

The deficit fund balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund and as note disclosure in the proprietary fund type and non-expendable trust fund (GAAP basis).

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

4. Although not part of the appropriated budget the Early Childhood Preschool special revenue fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund**

	Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$870,123	\$100,031	\$30,313	\$15,909	\$10,585
<u>Increase (Decrease) Due To:</u>					
Revenue Accruals:					
Accrued FY 1999, Received in Cash FY 2000	1,062,968	3,268	121,855	0	0
Accrued FY 2000, Not Yet Received in Cash	(1,072,685)	(6,741)	(149,928)	0	0
Expenditure Accruals:					
Accrued FY 1999, Paid in Cash FY 2000	(762,026)	(32,000)	0	(96,938)	0
Accrued FY 2000, Not Yet Paid in Cash	715,202	30,806	0	0	0
Cash Adjustments:					
Unrecorded Activity FY 1999	11,804	4	0	291	54
Unrecorded Activity FY 2000	(14,754)	(53)	0	0	(127)

(Continued)

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund
(Continued)**

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
Prepaid Items	(\$69)	(\$1,940)	\$0	\$0	\$0
Advances In	144,240	0	0	0	0
Advances Out	(30,000)	0	0	(144,240)	0
Operating Transfers In	0	0	0	81,797	0
Operating Transfers Out	(81,797)	0	0	0	0
Reallocation of Debt Activity	81,797	0	0	(81,797)	0
Excess of Revenues Over Expenditures for Nonbudgeted Fund	0	(199)	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(1,150,132)	(45,073)	0	0	0
Budget Basis	<u>(\$225,329)</u>	<u>\$48,103</u>	<u>\$2,240</u>	<u>(\$224,978)</u>	<u>\$10,512</u>

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Net Income/Excess of Revenues Over (Under) Expenses and Advances
Proprietary Fund Type and Non-Expendable Trust Fund**

	Proprietary Fund Type	Non-Expendable Trust
	Enterprise	Trust
GAAP Basis	\$15,261	\$12
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 1999, Received in Cash FY 2000	15,413	0
Accrued FY 2000, Not Yet Received in Cash	(17,008)	0
		(Continued)

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Net Income/Excess of Revenues Over (Under) Expenses and Advances
Proprietary Fund Type and Non-Expendable Trust Fund
(Continued)**

	Proprietary Fund Type	Non-Expendable Trust
	Enterprise	Trust
Expense Accruals:		
Accrued FY 1999, Paid in Cash FY 2000	(\$46,332)	\$0
Accrued FY 2000, Not Yet Paid in Cash	41,530	0
Cash Adjustments:		
Unrecorded Activity FY 1999	18	41
Unrecorded Activity FY 2000	(251)	(53)
Prepaid Items	(86)	0
Inventory Held for Resale	(613)	0
Materials and Supplies Inventory	191	0
Depreciation Expense	1,354	0
Advances In	30,000	0
Encumbrances Outstanding at Year End (Budget Basis)	(52,369)	0
Budget Basis	(\$12,892)	\$0

5. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two 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.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

At fiscal year end, the School District had \$2,100 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents". The School District had \$392 in cash and cash equivalents held by the North Central Ohio Educational Service Center which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No. 3.

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

At fiscal year end, the carrying amount of the School District's deposits was \$917,063 and the bank balance was \$1,027,790. Of the bank balance, \$850,000 was covered by federal depository insurance and \$177,790 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. At June 30, 2000, the fair value of funds on deposit with STAR Ohio was \$2,654,178.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,573,733	\$0
Cash on Hand	(2,100)	0
Cash and Cash Equivalents with Educational Service Center	(392)	0
Investments:		
STAR Ohio	(2,654,178)	2,654,178
GASB Statement No. 3	\$917,063	\$2,654,178

6. 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, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. 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.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

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 Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$1,071,896 in the General Fund and \$128,970 in the Bond Retirement debt service fund. The amount available as an advance at June 30, 1999, was \$1,016,258 in the General Fund and \$121,855 in the Bond Retirement debt service fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$94,341,380	71.82%	\$96,961,570	71.99 %
Industrial/Commercial	17,011,450	12.95	17,627,740	13.09
Public Utility	11,485,100	8.74	10,334,940	7.67
Tangible Personal	8,517,260	6.49	9,755,370	7.25
Total Assessed Value	<u>\$131,355,190</u>	<u>100.00%</u>	<u>\$134,679,620</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$49.64		\$49.52	

7. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (billings for user charged services, and student fees), intergovernmental, accrued interest, interfund, and charges for services provided to other funds. 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. Accounts receivable at June 30 were \$13,351.

A summary of the principal items of intergovernmental receivables follows:

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. RECEIVABLES (Continued)

	Amount
General Fund	
North Central Ohio Educational Service Center	\$1,624
Driver Education	1,550
Technology Preparation Reimbursement	644
Ridgedale Local School District	1,861
Total General Fund	5,679
Special Revenue Funds	
Technology E-Rate	\$2,085
Enterprise Fund	
National School Lunch Program	7,631
State Lunchroom Reimbursement	335
Total Enterprise Fund	7,966
Total Intergovernmental Receivables	\$15,730

8. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$135,001
Less Accumulated Depreciation	(117,256)
Net Fixed Assets	\$17,745

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. FIXED ASSETS (Continued)

A summary of the changes in general fixed assets during fiscal year 2000 follows:

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$740,452	\$0	\$0	\$740,452
Buildings and Improvements	4,249,324	1,023,052	0	5,272,376
Improvements Other Than Buildings	221,958	0	0	221,958
Furniture, Fixtures, and Equipment	2,133,613	234,574	34,790	2,333,397
Vehicles	816,405	55,310	102,605	769,110
Construction in Progress	<u>422,171</u>	<u>94,088</u>	<u>422,171</u>	<u>94,088</u>
Totals	<u>\$8,583,923</u>	<u>\$1,407,024</u>	<u>\$559,566</u>	<u>\$9,431,381</u>

9. INTERFUND ASSETS/LIABILITIES

At June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Receivable</u>		<u>Payable</u>	
	<u>Interfund</u>	<u>Due from</u>	<u>Interfund</u>	<u>Due to</u>
General Fund	\$30,000	\$0	\$20,958	\$0
Special Revenue Fund				
Disadvantaged Pupil Impact Aid	0	0	0	1,605
Debt Service Fund				
Bond Retirement	20,958	0	0	0
Enterprise Funds				
Food Service	0	0	30,000	0
Uniform School Supplies	0	1,605	0	0
Total Enterprise Funds	<u>0</u>	<u>1,605</u>	<u>30,000</u>	<u>0</u>
Total All Funds	<u>\$50,958</u>	<u>\$1,605</u>	<u>\$50,958</u>	<u>\$1,605</u>

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. 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 2000, the School District contracted for the following insurance coverages:

Coverages provided by Indiana Insurance are as follows:

Inland Marine Coverage	\$510,329
Employee Dishonesty - per loss	20,000
Medical Payments - per person	5,000

Coverages provided by Nationwide Insurance are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$22,489,300
Automobile Liability	1,000,000
Uninsured Motorists	500,000
General School District Liability	
Per Occurrence	2,000,000
Total per Year	5,000,000

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 the prior fiscal last year.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP 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 GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. RISK MANAGEMENT (Continued)

The School District participates in the Champaign, Delaware, Marion, Union School Employees Welfare Benefit Association Trust (the Trust), a public entity shared risk pool consisting of eight school districts and the Champaign and Delaware 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.

11. SIGNIFICANT CONTRACTUAL COMMITMENTS

The School District has several outstanding contracts for professional services. The following amounts remain on these contracts at June 30, 2000:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid as of 6/30/00</u>	<u>Outstanding Balance</u>
Stevens Construction	\$218,617	\$59,090	\$159,527
Sabo & Associates	600,000	591,628	8,372

12. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$201,628, \$193,074, and \$325,322, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$33,783, is recorded as a liability within the respective funds.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$41,257, \$51,905, and \$57,487, respectively; 40 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$24,599, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2000, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

13. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$268,837 for fiscal year 2000.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$89,720 for fiscal year 2000.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

14. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators 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 two hundred fifteen days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of forty days for all employees.

B. Health Care Benefits

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

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. OTHER EMPLOYEE BENEFITS (Continued)

C. Special Termination Benefits

Employees who retired in fiscal year 2000 were offered a special termination benefit. STRS employees were offered a one time retirement incentive in addition to severance benefits and STRS pension benefits. The retirement 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 the retirement incentive opportunity. The benefit may be paid directly to the employee and taxed as income, placed in a retirement account of the employee's choosing, or the employee may have the payment delayed until the following calendar year. At June 30, 2000, the liability for the special termination benefit was \$8,790. The current special termination benefit program expired in June 2000.

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/00</u>
Energy Conservation Loan 1999 4.635%	\$100,000	\$500,000	\$60,000	\$540,000
School Improvement Bonds 1993 5.045%	<u>3,975,000</u>	<u>0</u>	<u>165,000</u>	<u>3,810,000</u>
Total Long-Term Obligations	<u>4,075,000</u>	<u>500,000</u>	<u>225,000</u>	<u>4,350,000</u>
Compensated Absences Payable	405,930	6,011	0	411,941
Intergovernmental Payable	41,566	47,699	41,566	47,699
Special Termination Benefits Payable	55,800	0	47,010	8,790
Total General Long-Term Obligations	<u>\$4,578,296</u>	<u>\$553,710</u>	<u>\$313,576</u>	<u>\$4,818,430</u>

Energy Conservation Loan

On April 7, 1999, the School District obtained a loan, in the amount of \$100,000, to provide energy conservation measures for the School District. On July 14, 1999, the School District obtained an additional amount of \$500,000. The loan was obtained under the authority of Ohio Revised Section 133.06, for a ten year period. The loan is being retired through the Permanent Improvement capital projects fund.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

School Improvement General Obligation Bonds

On September 23, 1993, the School District issued \$4,500,000 in voted general obligation bonds for building improvements. The bonds were issued for a twenty-six year period with final maturity on December 1, 2019. The bonds are being retired through the Bond Retirement debt service fund

Compensated absences, intergovernmental payables, representing the School District's contractually required pension contributions, and special termination benefits will be paid from the fund from which the employees' salaries are paid.

The School District's overall debt margin was \$8,766,023 with an unvoted debt margin of \$134,680 at June 30, 2000.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2000, as follows:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$235,000	\$247,944	\$482,944
2002	240,000	232,160	472,160
2003	245,000	212,605	457,605
2004	255,000	192,498	447,498
2005	260,000	174,858	434,858
2006-2010	1,320,000	641,521	1,961,521
2011-2015	905,000	342,142	1,247,142
2016-2019	890,000	93,841	983,841
	<u>\$4,350,000</u>	<u>\$2,137,569</u>	<u>\$6,487,569</u>

16. RESERVATIONS OF FUND BALANCE

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 year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. RESERVATIONS OF FUND BALANCE (Continued)

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 1999	\$2,694	\$0	\$89,183
Current Year Set Aside Requirement	161,465	161,465	0
Current Year Offset	0	(7,824)	0
Qualifying Expenditures	(173,187)	(153,641)	0
Balance Carried Forward to Fiscal Year 2001	<u>(\$9,028)</u>	<u>\$0</u>	<u>\$89,183</u>
Reserve Balance June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$89,183</u>

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years. The total reserve balance for the set asides at the end of the fiscal year was \$89,183.

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Pleasant Local School District as of and for the fiscal year ended June 30, 2000.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$277,547	\$57,322	\$334,869
Depreciation Expense	1,354	0	1,354
Operating Income (Loss)	(77,301)	1,034	(76,267)
Federal Donated Commodities	30,424	0	30,424
Operating Grants	59,555	0	59,555
Net Income	14,227	1,034	15,261
Fixed Asset Reductions	3,964	0	3,964
Net Working Capital	(10,642)	26,904	16,262
Total Assets	79,237	26,904	106,141
Total Equity	3,690	26,904	30,594
Encumbrances Outstanding at Year End (Budget Basis)	34,776	17,593	52,369

18. JOINTLY GOVERNED ORGANIZATIONS

A. 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. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

B. Tri-Rivers Joint Vocational School

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

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

19. INSURANCE POOLS

A. Ohio School Boards Association 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 Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

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

B. Champaign, Delaware, Marion, Union School Employees Welfare Benefit Association Trust

The Champaign, Delaware, Marion, Union School Employees Welfare Benefit Association Trust (the Trust) is a public entity shared risk pool consisting of eight school districts and the Champaign and Delaware 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 participants superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, 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 the monthly premiums. Financial information can be obtained from Rebecca McMillen, who serves as Director, Huntington Center HC1142, Columbus, Ohio 43287.

20. SCHOOL FOUNDATION PROGRAM

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,767,370 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled".

20. SCHOOL FOUNDATION PROGRAM (Continued)

The Supreme Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "...major areas warrant further attention, study, and development by the Ohio General Assembly...", including the State's reliance on local property tax funding; the State's basic aid formula; the school foundation program, as discussed above; the mechanism for, and adequacy of, funding for school facilities; and the existence of the State's School Solvency Assistance Fund, which the Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

The Supreme Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

21. CONTINGENCIES

A. 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, 2000.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS & EXPENDITURES
JUNE 30, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	04-PU-99/00	10.550	\$0	\$30,412	\$0	\$29,274
Special Milk Program for Children	04-PU-99/00	10.556	1,590	0	1,590	0
National School Lunch Program	04-PU-99/00	10.555	55,449	0	55,449	0
Total Department of Agriculture - Nutrition Cluster			57,039	30,412	57,039	29,274
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States	6B-SF-99/00	84.027	45,291	0	50,269	0
Safe and Drug Free Schools & Communities State Grants	DR-S1-99/00	84.186	5,769	0	5,099	0
Title I Grants to Local Educational Agencies	CA-SD-99/00	84.010	123,064	0	128,510	0
Innovative Educational Program Strategies	C2-S1-99/00	84.298	7,616	0	8,692	0
Eisenhower Professional Development State Grants	MS-S1-99/00	84.281	5,993	0	3,610	0
Class-Size Reduction Program	CR-S1-2000	84.340	24,176	0	0	0
Goals 2000 - State and Local Education Systemic Improvement	G2-S2-2000	84.276	0	0	1,885	0
Total Department of Education			211,909	0	198,065	0
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
<i>Passed Through State Library of Ohio Agency:</i>						
State Library Program	31-6400880	45.310	73,636	0	71,180	0
Total Institute of Museum and Library Services			73,636	0	71,180	0
Total Federal Awards			\$342,584	\$30,412	\$326,284	\$29,274

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

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 2000, the District had no significant food commodities in inventory.



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

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

To the Board of Education:

We have audited the general purpose financial statements of Pleasant Local School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 8, 2000.

Internal Control Over Financial Reporting

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

Pleasant Local School District
Marion County
Report of Independent Accountants on Compliance
and on Internal Control Required by *Government
Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

December 8, 2000



STATE OF OHIO
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of the Pleasant Local School District, Marion County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

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

Internal Control Over Compliance
(Continued)

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

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

JIM PETRO
Auditor of State

December 8, 2000

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 10.550 - Food Distribution; CFDA # 10.556 - Special Milk Program; CFDA # 10.555 - National School Lunch Program; CFDA # 84.010 - Title 1 Grants to Local Educational Agencies
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000
(Continued)**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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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
JANUARY 11, 2001**