PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2013

Dave Yost • Auditor of State

Board of Directors
Pleasant Community Academy
1107 Owens Road West
Marion, OH 43302

We have reviewed the *Independent Auditors' Report* of the Pleasant Community Academy, Marion County, prepared by Holbrook & Manter, for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

February 3, 2014

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

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PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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Report on the Financial Statements

We have audited the accompanying financial statements of Pleasant Community Academy, (the Academy), Marion County, Ohio, a component unit of Pleasant Local School District, Marion County, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Pleasant Community Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Pleasant Community Academy, Marion County, Ohio, as of June 30, 2013, and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the Academy adopted the provisions of Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Holbrook & Manter

Certified Public Accountants

December 19, 2013

PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013
UNAUDITED

The discussion and analysis of the Pleasant Community Academy's (the Academy) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2013. Readers should also review the basic financial statements and notes to enhance their understanding of the Academy's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2013 are as follows:

- In total, net assets were $163,804 at June 30, 2013.

- Net assets decreased 38,259 for the fiscal year ended June 30, 2013.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements.

The statement of net assets and the statement of revenues, expenses, and change in net assets reflect how the Academy did financially during fiscal year 2013. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the Academy's net assets and change in those assets. This change in net assets is important because it tells the reader whether the financial position of the Academy has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

USING THE BASIC FINANCIAL STATEMENTS (continued)

Table 1 below provides a summary of the Academy's net assets for fiscal year 2013 and 2012.

Table 1
Net Position

	2013	2012
Assets:		
Current Assets	$ 156,552	$ 193,997
Capital assets, net	11,368	23,603
Total Assets	167,920	217,600
Liabilities:		
Current liabilities	4,116	15,537
Total liabilities	4,116	15,537
Net Assets:		
Invested in capital assets	11,368	23,603
Unrestricted	152,436	178,460
Total net position	$ 163,804	$ 202,063

Current assets at fiscal year-end consist of cash and cash equivalents and intergovernmental receivables. Capital assets are comprised of computers and related equipment. There were no capital asset additions in fiscal year 2013 and $12,235 of depreciation on existing capital assets resulting in an overall decrease in net capital assets. The Academy had current liabilities of $4,116 consisting of accounts payables at June 30, 2013.

USING THE BASIC FINANCIAL STATEMENTS (continued)

Table 2 below shows the changes in net assets for the fiscal year 2013 and 2012.

Table 2
Change in Net Position

	2013	2012
Operating Revenues:		
Foundation	$ 359,819	$ 383,164
Other revenue	2,865	4,127
Non-operating Revenues:		
Federal and state grants	59,041	65,224
Interest income	0	2
Total revenues	421,725	452,517
Operating Expenses:		
Purchased services	428,914	338,453
Materials and supplies	14,262	8,486
Depreciation	12,235	13,763
Other	4,573	4,174
Total operating revenue	459,984	364,876
Increase in Net Position	(38,259)	87,641
Net position at beginning of year	202,063	114,422
Net position	$ 163,804	$ 202,063

For fiscal year 2013, there was a decrease in foundation revenue as a result of decreased student enrollment. Purchased services expense increased due to increased services provided to the Academy. The Academy reported an overall decrease in net position.

BUDGETING

The Academy is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

CAPITAL ASSETS

At the end of fiscal year 2013, the Academy had $11,368 invested in capital assets (net of accumulated depreciation). For further information regarding the Academy's capital assets, refer to Note 4 to the basic financial statements.

CURRENT ISSUES

In September, 2011, the Academy refocused its educational programing to include only kindergarten students attending regular classrooms at Pleasant Local School District, and continued that programming focus for the 2012-2013 school year. With the additional monies generated through federal grants over the past nine years, the Academy has been able to purchase new computer equipment and curriculum items for the kindergarten classes.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

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

BASIC
FINANCIAL STATEMENTS

PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

ASSETS:-		
Current Assets;-		
Cash and cash equivalents	$	142,907
Intergovernmental receivables		13,645
Total current assets		156,552
Non-Current Assets;-		
Capital assets, net		11,368
Total assets		167,920
LIABILITIES:-		
Accounts payable		4,116
Total liabilities		4,116
NET POSITION:-		
Invested in capital assets		11,368
Unrestricted		152,436
Total net position	$	163,804

See accompanying Notes to the Basic Financial Statements

PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES:-		
Foundation	$	359,819
Other revenue		2,865
Total revenue		362,684
OPERATING EXPENSES:-		
Purchased services		428,914
Materials and supplies		14,262
Depreciation		12,235
Other operating expenses		4,573
Total expenses		459,984
Operating loss		(97,300)
NON-OPERATING REVENUES:-		
Federal and state grants		59,041
Total non-operation revenues		59,041
Change in net position		(38,259)
Net position at beginning of year		202,063
Net position at end of year	$	163,804

See accompanying Notes to the Basic Financial Statements

PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:-		
Cash received from foundation	$	367,327
Cash received from other operations		2,265
Cash payments for services	(	428,914)
Cash payments for supplies	(	29,199)
Cash payments for other expenses	(	457)
Net cash used by operating activities	(	88,978)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:-		
Cash received from operating grants		80,780
Net decrease in cash and cash equivalents	(	8,198)
Cash and cash equivalents at beginning of year		151,105
Cash and cash equivalents at end of year	$	142,907
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:-		
Operating loss	$ (	97,300)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:-		
Depreciation		12,235
Changes in assets and liabilities;-		
Decrease in intergovernmental receivable		7,508
Decrease in accounts payable	(	10,821)
Decrease in intergovernmental payable	(	600)
Net cash used by operating activities	$ (	88,978)

See accompanying Notes to the Basic Financial Statements

NOTE 1 - DESCRIPTION OF THE SCHOOL:-

Pleasant Community Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is a conversion-type site-based kindergarten level community school which utilizes certain resources of the sponsor, Pleasant Local School District, including facilities, equipment, instructional materials, curriculum and educational strategy in the delivery of the instructional program. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status. The Academy, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the school.

The Academy was initially approved for operation under a contract with the Pleasant Local School District (the Sponsor) for a five-year period commencing on the first day of the 2002 academic year. The sponsorship contract has been renewed several times, most recently on August 10, 2010, for a period of four additional years. Pleasant Local School District is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. Pleasant Local School District is also the fiscal agent of the Academy with the Treasurer of Pleasant Local School District performing the role of Treasurer for the Academy.

The Academy operates under the direction of a seven-member Board of Directors made up of the Superintendent, the High School Principal, the Elementary School Principal, and the Middle School Principal of the Pleasant Local School District, and three members from the public. The first public member shall be a public educator or other public official representing a governmental entity that desires to further the establishment and operation of the Academy. The second public member shall be a representative appointed by the Tri-Rivers Educational Computer Association (TRECA). The member appointed by TRECA will eventually be replaced by a person who represents the interests of parents and students served by the Academy. The third public member shall be an at large community member. The Sponsor makes up a majority of the Board and can impose its will on the Academy; therefore, the Academy is a component unit of the Pleasant Local School District. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget; developing policies to guide the operation of the Academy; securing funding; and maintaining a commitment to the vision, mission, and belief statements of the Academy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

The basic financial statements of the Academy 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. Following are the more significant of the Academy's accounting policies.

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and change in net position; and a statement of cash flows.

The Academy uses a single enterprise presentation for its financial reports. Enterprise fund accounting focuses on the determination of operating income, change in net position, financial position, and cash flows. Enterprise fund accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus

The Academy is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Academy are included on the statement of net position. The statement of revenues, expenses, and change in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Academy finances and meets its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recoded in the financial records and reported on the financial statements. The Academy’s financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe a budgetary review.

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

E. Cash and Cash Equivalents

Cash held by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

During fiscal year 2013, the Academy invested in 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, 2013.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year in which services are consumed. There were no prepaid items as of June 30, 2013.

G. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of five hundred dollars. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Capital assets, currently consisting of equipment, are depreciated over three years.

H. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The Academy first applies restricted resources when an expense is incurred for which both restricted and unrestricted net position is available. The Academy did not have any net position restricted by enabling legislation at fiscal year end.

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

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

J. Estimates

The preparation of financial statements in conformity with GAAP requires the 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.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES:-

For fiscal year 2013, the Academy has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30,1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Academy.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Academy.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Academy. GASB Statement No. 63 provides financial and reporting guidance for deferred outflows of resources and deferred inflows of resources which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No. 63 has changed the presentation of the Academy's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES- (continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS AND INVESTMENTS:-

At fiscal year-end, the Academy's entire bank balance of $142,905 was FDIC-insured.

NOTE 5 - CAPITAL ASSETS:-

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at 6/30/2012	Additions	Disposals	Balance at 6/30/2013
Depreciable Capital Assets				
Equipment	$ 224,240	$ 0	$ 0	$ 224,240
Less accumulated depreciation	(200,637)	(12,235)	0	(212,872)
Net capital assets	$ 23,603	$ (12,235)	$ 0	$ 11,368

NOTE 6 - RECEIVABLES:-

At June 30, 2013, the Academy had intergovernmental receivables in the amount of $13,645. The receivables are expected to be collected within one year and are comprised as follows:

Rural Education Achievement Program	$13,645

NOTE 7 - RISK MANAGEMENT:-

The Academy 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 2013, insurance coverage for the Academy was provided through Pleasant Local School District's policy with Argonaut Insurance Group as follows:

Coverage provided by Argonaut Insurance Group:	
General Liability	
Each Occurrence	$1,000,000
Aggregate	$3,000,000

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

NOTE 8 - FISCAL AGENT:-

The sponsorship agreement states the Treasurer of Pleasant Local School District shall serve as the fiscal officer of the Academy.

The Treasurer of Pleasant Local School District shall perform the following functions while serving as the Treasurer of the Academy:

A. Maintain the financial records of the Academy in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;

B. Comply with the policies and procedures regarding internal financial control of the Academy; and

C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

NOTE 9 - RELATED PARTY TRANSACTIONS:-

The Academy is a component unit of the Sponsor (Pleasant Local School District). The Academy and Pleasant Local School District entered into a 4-year sponsorship agreement commencing on the first day of the 2010- 2011 academic year, whereby terms of the sponsorship were established. Pursuant to this agreement, Pleasant Local School District's Treasurer serves as the Academy's fiscal officer.

In fiscal year 2013, payments made by the Academy to Pleasant Local School District were $425,863. These represent payments of $337,547 for kindergarten instructional services and $88,316 for other support services provided by Pleasant Local School District to the Academy.

NOTE 10 - CONTINGENCIES:-

A. Grants

The Academy 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2013, if applicable, cannot be determined at this time.

B. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The results of the fiscal year 2013 review are not yet available; however it is the opinion of management that any such adjustments would not have a material effect on the overall financial position of the Academy at June 30, 2013.

NOTE 11 - SUBSEQUENT EVENTS:-

Management has evaluated subsequent events through December 19, 2013, the date which financial statements were available to be issued.

HOLBROOK & MANTER, CPAs
PROFESSIONAL SERVICES FIRM

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

Board of Directors
Pleasant Community Academy
Marion County
Marion, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States *Government Auditing Standards,* the financial statements of Pleasant Community Academy, Marion County, Ohio (the Academy), a component unit of Pleasant Local School District, Marion County, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Pleasant Education Academy's basic financial statements and have issued our report thereon dated December 19, 2013, wherein we noted the Academy implemented Governmental accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Academy’s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants

December 19, 2013

HOLBROOK & MANTER, CPAs
PROFESSIONAL SERVICES FIRM

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURE

Pleasant Community Academy
Marion County
1107 Owens Road
Marion, Ohio 43302

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on **December 7, 2012** to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act";

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

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

Holbrook & Manter

Certified Public Accountants

December 19, 2013

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PLEASANT COMMUNITY ACADEMY

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
FEBRUARY 13, 2014