

**PLEASANT LOCAL SCHOOL DISTRICT**  
**MARION COUNTY, OHIO**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2022**



OHIO AUDITOR OF STATE  
KEITH FABER



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Members of the Board of Education  
Pleasant Local School District  
1107 Owens Road West  
Marion, OH 43302

We have reviewed the *Independent Auditor's Report* of Pleasant Local School District, Marion County, prepared by Julian & Grube, Inc., for the audit period July 1, 2021 through June 30, 2022. 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. Pleasant Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

May 01, 2023

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**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

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## Independent Auditor's Report

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

To the Members of the Board of Education:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Local School District, Marion County, Ohio, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pleasant Local School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Local School District, as of June 30, 2022, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Pleasant Local School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Pleasant Local School District. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pleasant Local School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pleasant Local School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pleasant Local School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, schedules of net pension and other postemployment benefit assets and liabilities and pension and other post-employment benefit contributions* listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pleasant Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023 on our consideration of the Pleasant Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pleasant Local School District's 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 Pleasant Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
March 13, 2023

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The management's discussion and analysis of the Pleasant Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position of governmental activities increased \$3,415,350.
- General revenues accounted for \$13,967,131 in revenue or 80.69% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,343,527 or 19.31% of total revenues of \$17,310,658.
- The District had \$13,895,308 in expenses related to governmental activities; only \$3,343,527 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$13,967,131 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund, building fund and classroom facilities fund. The general fund had \$12,848,826 in revenues and \$11,641,158 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance increased \$1,207,668 from a balance of \$5,288,280 to \$6,495,948.
- The debt service fund had \$1,970,727 in revenues and \$1,696,564 in expenditures. During fiscal year 2022, the debt service fund's fund balance increased \$274,163 from a balance of \$1,604,059 to \$1,878,222.
- The building fund had (\$28,513) in revenues and \$6,636,223 in expenditures. During fiscal year 2022, the building fund's fund balance decreased \$6,664,736 from a balance of \$9,934,078 to \$3,269,342.
- The classroom facilities fund had (\$35,689) in revenues and \$13,903,638 in expenditures. During fiscal year 2022, classroom facilities fund's fund balance decreased \$13,939,327 from a balance of \$14,167,451 to \$228,124.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, debt service fund, building fund and classroom facilities fund are reported as major funds.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

On the statement of net position and in the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 14 and 15 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 10. Fund financial reports provide detailed information about the District's major and other governmental funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund, building fund and classroom facilities fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported on the statement of net position and in the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16 through 23 of this report.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24 through 64 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 66 through 84 of this report.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**The District as a Whole**

The table below provides a summary of the District's net position at June 30, 2022 and 2021.

	<b>Net Position</b>	
	Governmental Activities 2022	Governmental Activities 2021
<b><u>Assets</u></b>		
Current and other assets	\$ 20,998,828	\$ 38,196,550
Net OPEB asset	984,034	815,930
Capital assets, net	<u>36,579,531</u>	<u>16,194,776</u>
Total assets	<u>58,562,393</u>	<u>55,207,256</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	3,134,548	2,548,641
OPEB	<u>334,217</u>	<u>397,533</u>
Total deferred outflows of resources	<u>3,468,765</u>	<u>2,946,174</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,972,774	3,301,282
Long-term liabilities:		
Due within one year	587,416	607,154
Due in more than one year:		
Net pension liability	7,589,720	14,081,238
Net OPEB liability	853,210	973,829
Other amounts	<u>33,794,522</u>	<u>34,347,272</u>
Total liabilities	<u>46,797,642</u>	<u>53,310,775</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for the next fiscal year	4,226,826	3,109,413
Pension	6,111,787	363,889
OPEB	<u>1,700,809</u>	<u>1,590,609</u>
Total deferred inflows of resources	<u>12,039,422</u>	<u>5,063,911</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	5,509,046	5,875,268
Restricted	3,234,309	2,180,482
Unrestricted (deficit)	<u>(5,549,261)</u>	<u>(8,277,006)</u>
Total net position (deficit)	<u>\$ 3,194,094</u>	<u>\$ (221,256)</u>

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by 3,194,094, an increase of \$3,415,350 from June 30, 2021.

At year-end, capital assets represented 62.46% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use: leased equipment. Net investment in capital assets at June 30, 2022, was \$5,509,046. These capital assets are used to provide services to the students and are not available for future spending. Total assets at fiscal year-end include a net OPEB asset reported by the State Teachers Retirement System (STRS). See Note 13 for more detail.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Current liabilities increased from contracts payable related to the District's construction project. Long-term liabilities decreased, mostly due to a decrease in the net pension liability.

The net pension liability decreased \$6,491,518 and deferred inflows of resources related to pension increased \$5,747,898. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which cause a large increase in fiduciary net position.

A portion of the District's net position at June 30, 2022, \$3,234,309, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted (deficit) net position is (\$5,549,261).

The table below shows the change in net position for fiscal years 2022 and 2021.

	<b>Change in Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2022</u>	<u>2021</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 591,068	\$ 2,860,910
Operating grants and contributions	2,752,459	2,879,599
General revenues:		
Property taxes	6,652,816	6,595,971
Income taxes	2,026,877	1,720,664
Grants and entitlements	5,300,850	4,865,101
Investment earnings	70,982	69,631
Other	75,111	162,168
Special item	(159,505)	809,966
Total revenues	<u>17,310,658</u>	<u>19,964,010</u>
		- (Continued)

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<b>Change in Net Position - (Continued)</b>	
	Governmental Activities 2022	Governmental Activities 2021
	<u>2022</u>	<u>2021</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 5,679,262	\$ 8,669,647
Special	1,346,281	1,637,967
Vocational	40,116	49,510
Other	52,227	70,007
Support services:		
Pupil	561,062	711,588
Instructional staff	449,689	572,109
Board of education	135,468	77,573
Administration	1,053,164	1,124,643
Fiscal	511,115	431,601
Operations and maintenance	1,113,889	1,084,846
Pupil transportation	535,370	394,894
Central	99,432	81,109
Food service operations	650,377	526,354
Other non-instructional services	66,161	-
Interest and fiscal charges	1,114,701	1,126,632
Extracurricular activities	486,994	441,863
Total expenses	<u>13,895,308</u>	<u>17,000,343</u>
Change in net position	3,415,350	2,963,667
Net position at beginning of year	<u>(221,256)</u>	<u>(3,184,923)</u>
Net position at end of year	<u>\$ 3,194,094</u>	<u>\$ (221,256)</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$3,415,350. Total governmental expenses of \$13,895,308 were offset by program revenues of \$3,343,527 and general revenues of \$13,967,131. Program revenues supported 24.06% of the total governmental expenses.

Charges for services program revenues decreased as a result of changes to the state foundation funding model, which effected tuition revenue. Operating grants and contributions decreased slightly during fiscal year 2022 as a result of a decrease in federal funding in response to the COVID-19 pandemic, including funding from the Elementary and Secondary School Emergency Relief program and food service subsidies.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and unrestricted grants and entitlements. These revenue sources represent 80.76% of total governmental revenue. The District has an income tax which is a critical revenue used to support operations. For fiscal year 2022 income tax revenue totaled \$2,026,877.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,117,886 or 51.22% of total governmental expenses for fiscal year 2022.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Overall, expenses of the governmental activities decreased \$3,105,035 during fiscal year 2022. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately \$1,799,105. This decrease was the result of a decrease in expenses incurred at the pension system level for STRS and SERS due to an increase in net investment income on investments compared to previous years.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,679,262	\$ 5,042,055	\$ 8,669,647	\$ 5,368,463
Special	1,346,281	610,649	1,637,967	1,077,736
Vocational	40,116	31,541	49,510	49,510
Other	52,227	8,145	70,007	(13,044)
Support services:				
Pupil	561,062	73,686	711,588	81,227
Instructional staff	449,689	280,591	572,109	262,716
Board of education	135,468	135,468	77,573	77,573
Administration	1,053,164	947,623	1,124,643	1,024,182
Fiscal	511,115	511,115	431,601	431,601
Operations and maintenance	1,113,889	1,109,054	1,084,846	1,008,512
Pupil transportation	535,370	521,731	394,894	351,501
Central	99,432	99,432	81,109	81,109
Food service operations	650,377	(185,370)	526,354	29,149
Other non-instructional services	66,161	31,621	-	-
Extracurricular activities	486,994	219,739	441,863	302,967
Interest and fiscal charges	<u>1,114,701</u>	<u>1,114,701</u>	<u>1,126,632</u>	<u>1,126,632</u>
Total expenses	<u>\$ 13,895,308</u>	<u>\$ 10,551,781</u>	<u>\$ 17,000,343</u>	<u>\$ 11,259,834</u>

The dependence upon tax and other general revenues for governmental activities is apparent; 79.97% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 75.94%. The District's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for District's students.



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**The District's Funds**

The District's governmental funds, as presented on pages 20-21, reported a combined fund balance of \$12,548,628, which is lower than last year's total of \$31,573,665. The schedule below indicates the fund balance at June 30, 2022 and June 30, 2021.

Funds	Fund Balance June 30, 2022	Fund Balance June 30, 2021	Change
General	\$ 6,495,948	\$ 5,288,280	\$ 1,207,668
Debt service	1,878,222	1,604,059	274,163
Building	3,269,342	9,934,078	(6,664,736)
Classroom facilities	228,124	14,167,451	(13,939,327)
Nonmajor governmental	676,992	579,797	97,195
<b>Total</b>	<b>\$ 12,548,628</b>	<b>\$ 31,573,665</b>	<b>\$ (19,025,037)</b>

**General Fund**

The tables below summarize the changes in general fund financial activity during fiscal year 2022 and 2021.

	2022 Amount	2021 Amount	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 6,653,055	\$ 6,173,835	\$ 479,220	7.76 %
Tuition	220,883	2,647,815	(2,426,932)	(91.66) %
Earnings on investments	26,615	5,603	21,012	375.01 %
Intergovernmental	5,814,470	4,898,482	915,988	18.70 %
Other revenues	133,803	238,231	(104,428)	(43.83) %
<b>Total</b>	<b>\$ 12,848,826</b>	<b>\$ 13,963,966</b>	<b>\$ (1,115,140)</b>	<b>(7.99) %</b>
<b><u>Expenditures</u></b>				
Instruction	\$ 7,240,566	\$ 8,982,546	(1,741,980)	(19.39) %
Support services	3,879,858	3,132,864	746,994	23.84 %
Operation of non-instructional	66,072	31,217	34,855	111.65 %
Extracurricular activities	282,297	239,188	43,109	18.02 %
Facilities acquisition and construction	147,889	362,189	(214,300)	(59.17) %
Debt service	11,976	65,828	(53,852)	(81.81) %
<b>Total</b>	<b>\$ 11,628,658</b>	<b>\$ 12,813,832</b>	<b>\$ (1,185,174)</b>	<b>(9.25) %</b>

The District's general fund balance increased \$1,207,668 during fiscal year 2022.

Tax revenues in the general fund increased \$479,220, or 7.76%, due to fluctuations in property tax advances available to finance each fiscal year and an increase in income tax revenue. The amount available as a property tax advance can fluctuate based on the timing of tax collections and the date at which tax bills are sent. Tuition revenue decreased and intergovernmental revenue increased due to changes in the state foundation funding model. Earnings on investments increased \$21,012 during fiscal year 2022 due to earnings on maturing investments. Other revenues decreased due to the change in fair value of investments.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Total expenditures decreased \$1,185,174 or 9.25% from fiscal year 2021. The decrease was primarily in the area of purchased services, related to the change in the state foundation funding model. Student instruction is the largest component of general fund expenditures, accounting for 62.26% of expenditures incurred during fiscal year 2022. Debt service expenditures are for lease payments on copier equipment. Facilities acquisition and construction decreased from 2021, as the District reported expenditures for the high school gym roof replacement in fiscal year 2021.

***Debt Service Fund***

The debt service fund accounts for property tax revenues levied to make principal and interest payments on the general obligation bonds issued in fiscal year 2021. The debt service fund received \$1,970,727 in property tax and homestead and rollback revenues and made \$42,445 in fiscal expenditures and \$1,654,119 in debt service expenditures during fiscal year 2022.

***Building Fund***

The building fund had (\$28,513) in revenues from investment earnings and change in fair value of investments and \$6,636,223 in expenditures for the locally funded portion of the construction of the new 5-12 school building.

***Classroom Facilities Fund***

The classroom facilities fund had (\$35,689) in revenues from investment earnings and change in fair value of investments and \$13,903,638 in expenditures for the co-funded portion of the construction of the new 5-12 school building.

***General Fund Budgeting Highlights***

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

For the general fund, original and final budgeted revenues and other financing sources were \$14,157,896 and \$13,553,156, respectively. Actual revenues and other financing sources were \$12,955,468, which is less than the final budgeted revenues estimate by \$597,688.

General fund original appropriations were \$14,497,278 while final appropriations and other financing uses were \$12,563,358 for fiscal year 2022. The actual budget-basis expenditures and other financing uses for fiscal year 2022 totaled \$12,265,033 or \$298,325 less than the final budgeted appropriated expenditures and other financing uses.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2022, the District had \$36,579,531 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use leased equipment. This entire amount is reported among the District's governmental activities. The table on the next page shows the balances of the District's capital assets at June 30, 2022 and June 30, 2021.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	Governmental Activities	
	June 30, 2022	June 30, 2021
Land	\$ 416,997	\$ 416,997
Construction in progress	31,394,157	11,065,147
Land improvements	392,203	458,728
Building and improvements	3,861,134	3,624,132
Furniture, fixtures and equipment	88,463	170,126
Vehicles	335,513	402,550
Infrastructure	55,144	57,096
Intangible right to use: leased equipment	35,920	-
Total	\$ 36,579,531	\$ 16,194,776

The overall increase in capital assets of \$20,384,755 is due to capital outlays of \$20,688,140 exceeding current year depreciation expense of \$303,385.

See Note 11 to the basic financial statements for further detail regarding the District's capital assets.

***Debt Administration***

At June 30, 2022, the District had \$34,869 and \$33,837,387 outstanding in leases payable and general obligation bonds, respectively. Of the District's total obligations of \$33,872,256, \$510,393 is due within one year and \$33,361,863 is due in more than one year.

See Note 12 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the District is not without its challenges. These challenges stem from issues that are at the local and State level. The local challenges will continue to exist, as the District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the District must rely on entitlements received through the State foundation program. Although the District relies heavily on its taxpayers to support its operations, the community support for school is quite strong.

The District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. James Corbeil, Treasurer, Pleasant Local School District, 1107 Owens Road West, Marion, Ohio 43302.

BASIC  
FINANCIAL STATEMENTS

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2022

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$ 12,966,710
Receivables:	
Property taxes	6,986,675
Income taxes	814,765
Accounts	8,733
Accrued interest	9,368
Intergovernmental	169,096
Prepayments	20,371
Materials and supplies inventory	2,901
Inventory held for resale	20,209
Net OPEB asset	984,034
Capital assets:	
Nondepreciable capital assets	31,811,154
Depreciable capital assets, net	4,768,377
Capital assets, net	36,579,531
Total assets	58,562,393
 <b>Deferred outflows of resources:</b>	
Pension	3,134,548
OPEB	334,217
Total deferred outflows of resources	3,468,765
 <b>Liabilities:</b>	
Accounts payable	275,619
Contracts payable	2,056,894
Accrued wages and benefits payable	984,985
Intergovernmental payable	357,754
Accrued interest payable	293,473
Undistributed monies	4,049
Long-term liabilities:	
Due within one year	587,416
Due in more than one year:	
Net pension liability	7,589,720
Net OPEB liability	853,210
Other amounts due in more than one year	33,794,522
Total liabilities	46,797,642
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	4,226,826
Pension	6,111,787
OPEB	1,700,809
Total deferred inflows of resources	12,039,422
 <b>Net position:</b>	
Net investment in capital assets	5,509,046
Restricted for:	
Capital projects	2,393,102
Debt service	346,271
Food service operations	341,602
Student activities	131,540
Other purposes	21,794
Unrestricted (deficit)	(5,549,261)
Total net position	\$ 3,194,094

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental activities:</b>	Expenses			
Instruction:				
Regular	\$ 5,679,262	\$ 101,359	\$ 535,848	\$ (5,042,055)
Special	1,346,281	176,288	559,344	(610,649)
Vocational	40,116	-	8,575	(31,541)
Other	52,227	-	44,082	(8,145)
Support services:				
Pupil	561,062	4,591	482,785	(73,686)
Instructional staff	449,689	-	169,098	(280,591)
Board of education	135,468	-	-	(135,468)
Administration	1,053,164	-	105,541	(947,623)
Fiscal	511,115	-	-	(511,115)
Operations and maintenance	1,113,889	-	4,835	(1,109,054)
Pupil transportation	535,370	-	13,639	(521,731)
Central	99,432	-	-	(99,432)
Operation of non-instructional services:				
Food service operations	650,377	59,665	776,082	185,370
Other non-instructional services	66,161	34,540	-	(31,621)
Extracurricular activities	486,994	214,625	52,630	(219,739)
Interest and fiscal charges	1,114,701	-	-	(1,114,701)
<b>Totals</b>	<b>\$ 13,895,308</b>	<b>\$ 591,068</b>	<b>\$ 2,752,459</b>	<b>(10,551,781)</b>
		<b>General revenues:</b>		
		Property taxes levied for:		
				4,651,783
				1,896,615
				104,418
		Income taxes levied for:		
				2,026,877
				5,300,850
				70,982
				(159,505)
				75,111
				13,967,131
				3,415,350
		<b>Net position (deficit) at beginning of year</b>		<b>(221,256)</b>
		<b>Net position at end of year</b>		<b>\$ 3,194,094</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Classroom Facilities</u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 5,261,952	\$ 1,213,004	\$ 4,751,246	\$ 801,921
Receivables:				
Property taxes	5,011,935	1,871,692	-	-
Income taxes	814,765	-	-	-
Accounts	8,733	-	-	-
Accrued interest	6,465	-	533	2,370
Interfund loans	94,329	-	-	-
Intergovernmental	4,716	-	-	-
Prepayments	19,596	-	-	-
Materials and supplies inventory	-	-	-	-
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 11,222,491</u>	<u>\$ 3,084,696</u>	<u>\$ 4,751,779</u>	<u>\$ 804,291</u>
<b>Liabilities:</b>				
Accounts payable	\$ 177,693	\$ -	\$ -	\$ -
Contracts payable	-	-	1,482,113	574,781
Accrued wages and benefits payable	892,833	-	-	-
Compensated absences payable	9,048	-	-	-
Intergovernmental payable	308,853	-	-	-
Interfund loans payable	-	-	-	-
Undistributed monies	4,049	-	-	-
Total liabilities	<u>1,392,476</u>	<u>-</u>	<u>1,482,113</u>	<u>574,781</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	3,016,679	1,147,565	-	-
Delinquent property tax revenue not available	140,647	58,909	-	-
Income tax revenue not available	176,343	-	-	-
Intergovernmental revenue not available	-	-	-	-
Accrued interest not available	398	-	324	1,386
Total deferred inflows of resources	<u>3,334,067</u>	<u>1,206,474</u>	<u>324</u>	<u>1,386</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory	-	-	-	-
Prepays	19,596	-	-	-
Restricted:				
Debt service	-	1,878,222	-	-
Capital improvements	-	-	3,269,342	228,124
Food service operations	-	-	-	-
Extracurricular	-	-	-	-
Other purposes	-	-	-	-
Committed:				
Underground storage tanks	11,000	-	-	-
Termination benefits	48,376	-	-	-
Assigned:				
Student instruction	75,998	-	-	-
Student and staff support	352,451	-	-	-
Facilities acquisition and construction	150,000	-	-	-
Non-instructional services	223	-	-	-
Unassigned (deficit)	5,838,304	-	-	-
Total fund balances	<u>6,495,948</u>	<u>1,878,222</u>	<u>3,269,342</u>	<u>228,124</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,222,491</u>	<u>\$ 3,084,696</u>	<u>\$ 4,751,779</u>	<u>\$ 804,291</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 938,587	\$ 12,966,710
103,048	6,986,675
-	814,765
-	8,733
-	9,368
-	94,329
164,380	169,096
775	20,371
2,901	2,901
20,209	20,209
<u>\$ 1,229,900</u>	<u>\$ 21,093,157</u>
\$ 97,926	\$ 275,619
-	2,056,894
92,152	984,985
-	9,048
48,901	357,754
94,329	94,329
-	4,049
<u>333,308</u>	<u>3,782,678</u>
62,582	4,226,826
3,214	202,770
-	176,343
153,804	153,804
-	2,108
<u>219,600</u>	<u>4,761,851</u>
2,901	2,901
775	20,371
-	1,878,222
395,096	3,892,562
342,004	342,004
131,540	131,540
21,794	21,794
-	11,000
-	48,376
-	75,998
-	352,451
-	150,000
-	223
(217,118)	5,621,186
<u>676,992</u>	<u>12,548,628</u>
<u>\$ 1,229,900</u>	<u>\$ 21,093,157</u>



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**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2022

<b>Total governmental fund balances</b>		\$ 12,548,628
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and are therefore are not reported in the funds.		36,579,531
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 202,770	
Income taxes receivable	176,343	
Accrued interest receivable	2,108	
Intergovernmental receivable	153,804	
<b>Total</b>	<b>535,025</b>	535,025
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(293,473)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	3,134,548	
Deferred inflows - pension	(6,111,787)	
Net pension liability	(7,589,720)	
Deferred outflows - OPEB	334,217	
Deferred inflows - OPEB	(1,700,809)	
Net OPEB asset	984,034	
Net OPEB liability	(853,210)	
<b>Total</b>	<b>(11,802,727)</b>	(11,802,727)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds, including unamortized premiums	(33,837,387)	
Leases payable	(34,869)	
Compensated absences	(500,634)	
<b>Total</b>	<b>(34,372,890)</b>	(34,372,890)
<b>Net position of governmental activities</b>		<b>\$ 3,194,094</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Classroom Facilities</u>
<b>Revenues:</b>				
Property taxes	\$ 4,667,037	\$ 1,909,575	\$ -	\$ -
Income taxes	1,986,018	-	-	-
Intergovernmental	5,814,470	61,152	-	-
Investment earnings	26,615	-	10,626	31,633
Tuition and fees	220,883	-	-	-
Extracurricular	77,196	-	-	-
Charges for services	34,540	-	-	-
Contributions and donations	4,475	-	-	-
Miscellaneous	70,636	-	-	-
Change in fair value of investments	(53,044)	-	(39,139)	(67,322)
Total revenues	<u>12,848,826</u>	<u>1,970,727</u>	<u>(28,513)</u>	<u>(35,689)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	5,832,851	-	-	-
Special	1,349,116	-	-	-
Vocational	46,760	-	-	-
Other	11,839	-	-	-
Support services:				
Pupil	170,017	-	-	-
Instructional staff	310,711	-	-	-
Board of education	138,413	-	-	-
Administration	1,090,848	-	-	-
Fiscal	498,472	42,445	-	-
Operations and maintenance	1,062,519	-	-	-
Pupil transportation	500,864	-	-	-
Central	108,014	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	66,072	-	-	-
Extracurricular activities	282,297	-	-	-
Facilities acquisition and construction	147,889	-	6,636,223	13,903,638
Debt service:				
Principal retirement	9,863	475,000	-	-
Interest and fiscal charges	2,113	1,179,119	-	-
Total expenditures	<u>11,628,658</u>	<u>1,696,564</u>	<u>6,636,223</u>	<u>13,903,638</u>
Excess of revenues over (under) expenditures	<u>1,220,168</u>	<u>274,163</u>	<u>(6,664,736)</u>	<u>(13,939,327)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers (out)	(12,500)	-	-	-
Total other financing sources (uses)	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,207,668	274,163	(6,664,736)	(13,939,327)
<b>Fund balances at beginning of year</b>	<u>5,288,280</u>	<u>1,604,059</u>	<u>9,934,078</u>	<u>14,167,451</u>
<b>Fund balances at end of year</b>	<u>\$ 6,495,948</u>	<u>\$ 1,878,222</u>	<u>\$ 3,269,342</u>	<u>\$ 228,124</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 104,726	\$ 6,681,338
-	1,986,018
2,134,559	8,010,181
-	68,874
-	220,883
198,784	275,980
59,665	94,205
16,316	20,791
14,508	85,144
-	(159,505)
<u>2,528,558</u>	<u>17,283,909</u>
512,561	6,345,412
172,466	1,521,582
-	46,760
46,796	58,635
483,979	653,996
166,917	477,628
241	138,654
115,180	1,206,028
2,224	543,141
55,880	1,118,399
12,960	513,824
-	108,014
681,502	681,502
-	66,072
189,094	471,391
4,063	20,691,813
-	484,863
-	1,181,232
<u>2,443,863</u>	<u>36,308,946</u>
<u>84,695</u>	<u>(19,025,037)</u>
12,500	12,500
-	(12,500)
<u>12,500</u>	<u>-</u>
97,195	(19,025,037)
<u>579,797</u>	<u>31,573,665</u>
<u>\$ 676,992</u>	<u>\$ 12,548,628</u>

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Net change in fund balances - total governmental funds</b>		\$ (19,025,037)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 20,688,140	
Current year depreciation	<u>(303,385)</u>	
Total		20,384,755
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(28,522)	
Income taxes	40,859	
Earnings on investments	2,108	
Intergovernmental	<u>12,304</u>	
Total		26,749
Repayment of bond and lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
		484,863
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities.		
(Increase) decrease in accrued interest payable	2,613	
Amortization of bond premiums	<u>63,918</u>	
Total		66,531
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,089,486	
OPEB	<u>29,142</u>	
Total		1,118,628
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	240,041	
OPEB	<u>86,065</u>	
Total		326,106
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>32,755</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 3,415,350</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Revenues:</b>				
Property taxes	\$ 5,040,165	\$ 4,376,419	\$ 4,551,419	\$ 175,000
Income taxes	2,282,645	2,019,414	2,019,414	-
Intergovernmental	6,542,451	6,874,149	5,809,754	(1,064,395)
Investment earnings	12,524	18,033	24,536	6,503
Tuition and fees	199,674	176,287	196,277	19,990
Extracurricular	20,860	20,432	20,432	-
Contributions and donations	-	-	4,475	4,475
Miscellaneous	59,577	68,422	68,138	(284)
Total revenues	<u>14,157,896</u>	<u>13,553,156</u>	<u>12,694,445</u>	<u>(858,711)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	7,614,369	5,890,523	5,565,313	325,210
Special	1,611,982	1,348,766	1,370,346	(21,580)
Vocational	58,705	51,260	46,176	5,084
Other	1,972	116	11,515	(11,399)
Support services:				
Pupil	218,050	195,968	160,428	35,540
Instructional staff	402,981	377,406	320,985	56,421
Board of education	133,897	150,135	149,939	196
Administration	1,243,769	1,079,100	1,052,067	27,033
Fiscal	490,912	544,658	520,455	24,203
Operations and maintenance	1,190,975	1,385,296	1,177,806	207,490
Pupil transportation	939,331	693,732	704,476	(10,744)
Central	103,754	99,373	92,775	6,598
Operation of non-instructional services:				
Other non-instructional services	5,065	30,636	29,588	1,048
Extracurricular activities	324,360	281,317	270,771	10,546
Facilities acquisition and construction	87,156	365,072	509,130	(144,058)
Total expenditures	<u>14,427,278</u>	<u>12,493,358</u>	<u>11,981,770</u>	<u>511,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(269,382)</u>	<u>1,059,798</u>	<u>712,675</u>	<u>(347,123)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditures	-	-	26,760	26,760
Transfers in	-	-	234,263	234,263
Transfers (out)	(70,000)	(70,000)	(283,263)	(213,263)
Total other financing sources (uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(22,240)</u>	<u>47,760</u>
Net change in fund balance	(339,382)	989,798	690,435	(299,363)
<b>Fund balance at beginning of year</b>	3,234,473	3,234,473	3,234,473	-
<b>Prior year encumbrances appropriated</b>	603,911	603,911	603,911	-
<b>Fund balance at end of year</b>	<u>\$ 3,499,002</u>	<u>\$ 4,828,182</u>	<u>\$ 4,528,819</u>	<u>\$ (299,363)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The School District was established in 1916. The 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. It is staffed by 57 classified employees, 89 certified teaching personnel, and 7 administrative employees who provide services to 1,252 students and other community members. The District currently operates three instructional buildings.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “*The Financial Reporting Entity*” as amended by GASB Statement No. 39, “*Determining Whether Certain Organizations Are Component Units*” and GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Metropolitan Educational Technology Association (META)

The District is a participant in META Solutions which is a computer consortium that develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2022, the District paid META Solutions \$37,729 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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 thirteen participating school districts' Board of Education. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from the Tri-Rivers Joint Vocational School, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

North Central Ohio Special Education Regional Resource Center

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

Northwestern Ohio Educational Research Council, Inc.

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

*PUBLIC ENTITY RISK POOL*

The Stark County Schools Council of Government (the "Council") is governed by an assembly which consists of one representative from each of the original participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool comprised of 162 entities, most of which are school districts.

The Council also sponsors a workers' compensation group rating plan which is an insurance purchasing pool.

**B. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary or fiduciary funds.



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

*GOVERNMENTAL FUNDS*

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of general long-term debt principal and interest from governmental resources when the government is obligated in some manner for payment.

Building Fund - The building capital projects fund is used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures reported in this fund represent the costs of acquiring capital facilities including real property.

Classroom Facilities Fund - The classroom facilities capital projects fund is used to account for and report financial resources that are restricted to expenditures related to the District's construction project with the Ohio Facilities Construction Commission (OFCC).

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**C. Basis of Presentation and Measurement Focus**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the full accrual economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the District, see Notes 13 and 14 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. All funds are legally required to be budgeted and appropriated. The legal level of budgetary control selected by the Board is the fund level for all funds. Budgetary allocations at the function and object level with all funds are made by the Treasurer.

The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budgeted revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2022. The amounts reported as the original budgeted expenditure amounts reflect the first appropriations for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

During fiscal year 2022, investments consisted of Federal National Mortgage Association (FNMA) securities, Federal Home Loan Bank securities (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Farm Credit (FFC) discount notes, U.S. Treasury Notes, U.S. Treasury bills, negotiable certificates of deposit (CDs), commercial paper, U.S. government money market funds and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues credited to the general fund during fiscal year 2022 amounted to \$26,615, which includes \$12,139 assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. An analysis of the District's investments at year end is provided in Note 4.

**G. Prepayments**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed. Fund balance has been presented as nonspendable equal to the balance of the prepaid item at fiscal year-end.

**H. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of donated and purchased food and non-food supplies.

**I. Capital Assets**

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District has a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset life are not. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10-20 years
Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 20 years
Vehicles	10 - 15 years
Infrastructure	50 years
Intangible right to use - Leased equipment	5 years

The District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable.” These amounts are eliminated in the governmental type activities columns of the statement of net position.

**K. Compensated Absences**

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

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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated and unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District’s past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2022 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**L. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and other long-term obligations are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**M. Fund Balance**

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**N. Estimates**

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

**O. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**P. Interfund Activity**

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

**Q. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.

**S. Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**T. Bond Issuance Costs and Unamortized Bond Premium**

On government-wide and fund financial statements, bond issuance costs are expensed in the year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2022, the District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District's fiscal year 2022 financial statements. The District reported a capital lease obligation and capital asset at June 30, 2021, that have been reclassified as a lease payable and an intangible asset, right to use - leased equipment at July 1, 2021. See Notes 11 and 12 for detail.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.



**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
<i>Special Revenue:</i>	
Vocational Educational Enhancement	\$ 10,167
Student Wellness and Success	1,304
Elementary and Secondary School Emergency Relief (ESSER)	58,952
21st Century	12,813
IDEA, Part B	48,076
Title I	66,402
Title II-A	11,004
Title IV-A	8,400

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounting including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in item 1 or 2 of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
9. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**A. Cash on Hand**

At year end, the District had \$125 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

**B. Deposits with Financial Institutions**

At June 30, 2022, the carrying amount of all District deposits was \$521,559. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2022, \$481,470 of the District’s bank balance of \$731,470 was covered by the Ohio Pooled Collateral System (OPCS) as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District’s and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the District’s financial institution was approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

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**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2022, the District had the following investments and maturities:

<u>Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair Value:</i>						
FNMA	\$ 97,725	\$ -	\$ 97,725	\$ -	\$ -	\$ -
FHLB	95,250	-	-	-	-	95,250
FHLMC	449,734	-	-	192,805	-	256,929
FFCB	1,567,283	-	1,495,369	-	71,914	-
FFC discount note	1,191,690	1,191,690	-	-	-	-
U.S. Treasury notes	1,769,695	-	1,769,695	-	-	-
U.S. Treasury bills	750,753	750,753	-	-	-	-
Negotiable CDs	150,977	75,460	-	75,517	-	-
Commercial paper	3,229,735	2,985,145	244,590	-	-	-
U.S. Government money market fund	139,294	139,294	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>3,002,890</u>	<u>3,002,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,445,026</u>	<u>\$ 8,145,232</u>	<u>\$ 3,607,379</u>	<u>\$ 268,322</u>	<u>\$ 71,914</u>	<u>\$ 352,179</u>

The weighted average maturity of investments is 0.45 years.

The District's investments in U.S. Government money market accounts are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FNMA, FHLB, FHLMC, FFCB, FFC discount note), U.S. Treasury notes, U.S. Treasury bills, negotiable CDs, and commercial paper are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

*Credit Risk:* STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities (FNMA, FHLB, FHLMC, FFCB, and FFC discount notes) and U.S. Treasury notes were rated AAA/AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The investments in U.S. Treasury bills were rated A-1+/A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. Investments in commercial paper were rated A-1+/A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in negotiable CDs and U.S. Government money market funds were not rated. The negotiable CDs were fully insured by FDIC. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury bills are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

<u>Investment type</u>	Measurement	
	<u>Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FNMA	\$ 97,725	0.79%
FHLB	95,250	0.77%
FHLMC	449,734	3.61%
FFCB	1,567,283	12.59%
FFC discount note	1,191,690	9.58%
U.S. Treasury notes	1,769,695	14.22%
U.S. Treasury bills	750,753	6.03%
Negotiable CDs	150,977	1.21%
Commercial paper	3,229,735	25.95%
U.S. Government money market	139,294	1.12%
<i>Amortized Cost:</i>		
STAR Ohio	<u>3,002,890</u>	<u>24.13%</u>
Total	<u>\$ 12,445,026</u>	<u>100.00%</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 521,559
Investments	12,445,026
Cash on hand	<u>125</u>
Total	<u>\$ 12,966,710</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 12,966,710</u>

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. During fiscal year 2022, the District transferred \$12,500 from the general fund to the other grants nonmajor special revenue fund. Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.
- B. Interfund balances at June 30, 2022, as reported on the fund financial statements, consist of the following interfund loans receivable/payable:

<u>Receivable Fund</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	<i>Nonmajor Special Revenue Funds:</i>	
	District Managed Activities	\$ 35,000
	Vocational Education Enhancement	2,509
	Student Wellness and Success	1,304
	ESSER	18,046
	21st Century	1,950
	IDEA, Part B	13,216
	Title III Limited English Proficiency	6,266
	Title I Disadvantaged Children	6,895
	Title IV-A	8,400
	Tilte II-A	<u>743</u>
Total interfund loans receivable/payable		<u>\$ 94,329</u>

The primary purpose of the interfund loans is to cover the negative cash balances at fiscal year-end in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental activities have been eliminated on the statement of net position.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Marion County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was \$1,854,609, \$665,218 and \$37,252 in the general fund, debt service fund, and permanent improvement fund (a nonmajor governmental fund), respectively. This amount is recorded as revenue. The amount available for advance at June 30, 2021 was \$1,738,991, \$714,449 and \$35,321 in the general fund, debt service fund, and permanent improvement fund (a nonmajor governmental fund), respectively. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 200,968,260	91.55	\$ 203,126,770	90.48
Public utility personal	<u>18,545,010</u>	<u>8.45</u>	<u>21,366,510</u>	<u>9.52</u>
Total	<u>\$ 219,513,270</u>	<u>100.00</u>	<u>\$ 224,493,280</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$52.90		\$51.90	

**NOTE 7 - INCOME TAX**

The District levies a voted tax of 1 percent for general operations on the earned income of residents and of estates. A one percent earned income tax was passed in 2019 for calendar years 2020 through 2029 with the option to renew. Employers of residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue credited to the general fund totaled \$1,986,018 in fiscal year 2022.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2022 consisted of property taxes, income taxes, accounts (rent and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 8 - RECEIVABLES - (Continued)**

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

A summary of the principal items of intergovernmental receivables follows:

*Governmental activities:*

Ohio Department of Education - FTE adjustment	\$	4,716
ESSER grants		22,392
21st century grant		12,813
IDEA, Part B special education grant		37,103
Title III limited english proficiency grant		6,266
Title I disadvantaged children grant		66,402
Title IV-A grant		8,400
Title II-A grant		11,004
Total	<u>\$</u>	<u>169,096</u>

**NOTE 9 - RISK MANAGEMENT**

The 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

For fiscal year 2022, the District participated in the CompManagement Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, CompManagement, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan.

The District participates in the Stark County Schools Council of Governments Health Benefit Plan (Plan), a public entity shared risk pool. The District pays monthly premiums to the Plan for employee medical, dental, vision, and life insurance benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal.

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty-one days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued balance.



**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**B. Health Care Benefits**

The School District offers medical, dental, and life insurance benefits to employees through the Stark County Schools Council of Governments Health Benefit Plan. Employees share the cost of the monthly premium with the Board. The premium varies with the employee depending on the terms of the union contract.

**NOTE 11 - CAPITAL ASSETS**

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported capital assets for intangible right to use - leased equipment at July 1, 2021, which was reported in the furniture and equipment classification in the prior year. Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	(Restated) Balance 07/02/2021	Additions	Disposals	Balance 06/30/2022
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated/amortized</i>				
Land	\$ 416,997	\$ -	\$ -	\$ 416,997
Construction in progress	11,065,147	20,688,140	(359,130)	31,394,157
Total capital assets, not being depreciated/amortized	<u>11,482,144</u>	<u>20,688,140</u>	<u>(359,130)</u>	<u>31,811,154</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	2,782,605	-	-	2,782,605
Buildings and improvements	6,478,866	359,130	-	6,837,996
Furniture and equipment	1,297,237	-	-	1,297,237
Vehicles	1,324,142	-	-	1,324,142
Infrastructure	97,600	-	-	97,600
Intangible right to use:				
Leased equipment	52,565	-	-	52,565
Total capital assets, being depreciated/amortized	<u>12,033,015</u>	<u>359,130</u>	<u>-</u>	<u>12,392,145</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(2,323,877)	(66,525)	-	(2,390,402)
Buildings and improvements	(2,854,734)	(122,128)	-	(2,976,862)
Furniture and equipment	(1,173,544)	(35,230)	-	(1,208,774)
Vehicles	(921,592)	(67,037)	-	(988,629)
Infrastructure	(40,504)	(1,952)	-	(42,456)
Intangible right to use:				
Leased equipment	(6,132)	(10,513)	-	(16,645)
Total accumulated depreciation/amortization	<u>(7,320,383)</u>	<u>(303,385)</u>	<u>-</u>	<u>(7,623,768)</u>
Governmental activities capital assets, net	<u>\$ 16,194,776</u>	<u>\$ 20,743,885</u>	<u>\$ (359,130)</u>	<u>\$ 36,579,531</u>

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 96,453
Special	7,140
Vocational	520
Other	245
<u>Support services:</u>	
Pupil	3,870
Instructional staff	3,846
Board of education	159
Administration	7,944
Fiscal	2,372
Operations and maintenance	61,109
Pupil transportation	63,505
Central	450
Food service operations	7,856
Other non-instructional services	208
Extracurricular activities	47,708
Total depreciation expense	<u>\$ 303,385</u>

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**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - LONG-TERM OBLIGATIONS**

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported a lease obligation at July 1, 2021, which was reported in the prior year as a capital lease obligation. During fiscal year 2022, the following changes occurred in governmental activities long-term obligations:

<b>Governmental activities:</b>	(Restated) Balance			Balance	Amounts
	7/1/2021	Additions	Reductions	6/30/2022	Due in One Year
<u>General obligation bonds</u>					
<i>School facilities and construction improvement bonds:</i>					
Series 2019A:					
Serial and term bonds	\$ 19,890,000	\$ -	\$ -	\$ 19,890,000	\$ -
Unamortized premium	955,307	-	(44,487)	910,820	-
Series 2019B:					
Serial and term bonds	6,575,000	-	-	6,575,000	-
Unamortized premium	324,010	-	(15,507)	308,503	-
Series 2019C:					
Serial and term bonds	6550000	-	(475,000)	6,075,000	500,000
Unamortized premium	81,988	-	(3,924)	78,064	-
Total general obligation bonds payable	<u>34,376,305</u>	<u>-</u>	<u>(538,918)</u>	<u>33,837,387</u>	<u>500,000</u>
<u>Other long-term obligations:</u>					
Lease payable	44,732	-	(9,863)	34,869	10,393
Compensated absences	533,389	113,132	(136,839)	509,682	77,023
Net pension liability	14,081,238	-	(6,491,518)	7,589,720	-
Net OPEB liability	973,829	-	(120,619)	853,210	-
Total governmental activities long-term liabilities	<u>\$ 50,009,493</u>	<u>\$ 113,132</u>	<u>\$ (7,297,757)</u>	<u>\$ 42,824,868</u>	<u>\$ 587,416</u>

Compensated absences will be paid from the fund which the employee's salaries are paid, which is primarily the general fund and nonmajor special revenue food service fund. See Note 13 for detail on the net pension liability and Note 14 for detail on the net OPEB liability/asset.

School Facilities Construction and Improvement Bonds (General Obligation)

On July 18, 2019, the District issued \$19,890,000 in school facilities construction and improvement, series 2019A general obligation bonds with a maturity date of October 1, 2055. The bonds carry interest rates varying between 2.125% and 4.00%. The bonds will be used to finance construction and improvements of school buildings and facilities. The principal payments begin in fiscal year 2024 and will be paid from the debt service fund.

On July 18, 2019, the District issued \$7,510,000 in school facilities construction and improvement, series 2019B general obligation bonds with a maturity date of October 1, 2055. The bonds carry interest rates varying between 2.125% and 4.00%. The bonds will be used to finance construction and improvements of school buildings and facilities. The initial principal payment was made in fiscal year 2020 and the next principal payment is deferred until 2027, payments will be paid from the debt service fund.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

On July 18, 2019, the District issued \$6,975,000 in school facilities construction and improvement, series 2019C general obligation bonds with a maturity date of October 1, 2049. The bonds carry interest rates varying between 2.125% and 4.00%. The bonds will be used to finance construction and improvements of school buildings and facilities. The principal payments will be paid from the debt service fund.

At June 30, 2022, \$3,561,278 in bond proceeds remained unspent.

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Fiscal Year Ending June 30,	School Facilities Construction & Improvement General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 500,000	\$ 1,168,269	\$ 1,668,269
2024	510,000	1,152,444	1,662,444
2025	535,000	1,130,544	1,665,544
2026	545,000	1,106,944	1,651,944
2027	575,000	1,084,119	1,659,119
2028-2032	3,220,000	5,083,472	8,303,472
2033-2037	3,825,000	4,434,875	8,259,875
2038-2042	4,555,000	3,712,144	8,267,144
2043-2047	5,480,000	2,759,750	8,239,750
2048-2052	6,620,000	1,596,828	8,216,828
2053-2056	6,175,000	409,581	6,584,581
Total	<u>\$ 32,540,000</u>	<u>\$ 23,638,970</u>	<u>\$ 56,178,970</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2022, are a voted debt margin of (\$10,457,383), including available funds of \$1,878,222, and an unvoted debt margin of \$224,493. The District exceeded the voted debt limit as permitted by Ohio Revised Code section 133.06(1).

Lease Payable

The District has entered into a lease agreement for the use of right to use copier equipment. The District has reported an intangible capital asset and corresponding liability for the future scheduled payments under the leases in accordance with GASB Statement No. 87. Lease payments have been reclassified and are reflected as debt service expenditures for the general fund in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The District entered into the lease for a term of 60 months on August 1, 2020. Payments are due monthly and the lease matures in August 2025. Lease payments are being paid from the general fund.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of future debt service payments under the lease agreement:

Fiscal Year	Lease Payable		
	Principal	Interest	Total
2023	\$ 10,393	\$ 1,583	\$ 11,976
2024	10,952	1,024	11,976
2025	11,541	435	11,976
2026	1,983	13	1,996
Total	\$ 34,869	\$ 3,055	\$ 37,924

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

*Net Pension Liability/Net OPEB Liability/Asset*

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the District’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District’s contractually required contribution to SERS was \$244,643 for fiscal year 2022. Of this amount, \$18,724 is reported as intergovernmental payable.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$844,843 for fiscal year 2022. Of this amount, \$134,104 is reported as intergovernmental payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.04305710%	0.04642560%	
Proportion of the net pension liability current measurement date	<u>0.04396890%</u>	<u>0.04667169%</u>	
Change in proportionate share	<u>0.00091180%</u>	<u>0.00024609%</u>	
Proportionate share of the net pension liability	\$ 1,622,325	\$ 5,967,395	\$ 7,589,720
Pension expense	\$ (109,749)	\$ (130,292)	\$ (240,041)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 157	\$ 184,365	\$ 184,522
Changes of assumptions	34,162	1,655,462	1,689,624
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	32,222	138,694	170,916
Contributions subsequent to the measurement date	<u>244,643</u>	<u>844,843</u>	<u>1,089,486</u>
Total deferred outflows of resources	<u>\$ 311,184</u>	<u>\$ 2,823,364</u>	<u>\$ 3,134,548</u>



**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	SERS	STRS	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 42,074	\$ 37,404	\$ 79,478
Net difference between projected and actual earnings on pension plan investments	835,544	5,142,754	5,978,298
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	54,011	-	54,011
Total deferred inflows of resources	\$ 931,629	\$ 5,180,158	\$ 6,111,787

\$1,089,486 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (239,474)	\$ (790,703)	\$ (1,030,177)
2024	(170,490)	(660,836)	(831,326)
2025	(198,662)	(732,281)	(930,943)
2026	(256,462)	(1,017,817)	(1,274,279)
Total	\$ (865,088)	\$ (3,201,637)	\$ (4,066,725)

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,699,150	\$ 1,622,325	\$ 714,191

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 11,174,697	\$ 5,967,395	\$ 1,567,236

**Changes Between Measurement Date and Reporting Date** - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 13 for a description of the net OPEB liability (asset).

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$29,142.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$29,142 for fiscal year 2022 and is reported as intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset was measured as of June 30, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.04480800%	0.04642560%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.04508180%</u>	<u>0.04667169%</u>	
Change in proportionate share	<u>0.00027380%</u>	<u>0.00024609%</u>	
Proportionate share of the net OPEB liability	\$ 853,210	\$ -	\$ 853,210
Proportionate share of the net OPEB asset	\$ -	\$ (984,034)	\$ (984,034)
OPEB expense	\$ 1,220	\$ (87,285)	\$ (86,065)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 9,093	\$ 35,041	\$ 44,134
Changes of assumptions	133,849	62,855	196,704
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	60,493	3,744	64,237
Contributions subsequent to the measurement date	<u>29,142</u>	<u>-</u>	<u>29,142</u>
Total deferred outflows of resources	<u>\$ 232,577</u>	<u>\$ 101,640</u>	<u>\$ 334,217</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 424,937	\$ 180,290	\$ 605,227
Net difference between projected and actual earnings on OPEB plan investments	18,536	272,757	291,293
Changes of assumptions	116,840	587,051	703,891
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>62,252</u>	<u>38,146</u>	<u>100,398</u>
Total deferred inflows of resources	<u>\$ 622,565</u>	<u>\$ 1,078,244</u>	<u>\$ 1,700,809</u>

\$29,142 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (86,151)	\$ (287,333)	\$ (373,484)
2024	(86,281)	(280,508)	(366,789)
2025	(96,661)	(257,217)	(353,878)
2026	(91,302)	(113,944)	(205,246)
2027	(46,884)	(38,514)	(85,398)
Thereafter	(11,851)	912	(10,939)
Total	\$ (419,130)	\$ (976,604)	\$ (1,395,734)

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 1,057,230	\$ 853,210	\$ 690,224
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 656,902	\$ 853,210	\$ 1,115,418

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

***Assumption Changes Since the Prior Measurement Date*** - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Benefit Term Changes Since the Prior Measurement Date** - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 830,373	\$ 984,034
	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 1,107,194	\$ 984,034

**PLEASANT LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

<b>Net Change in Fund Balance</b>	<u>General fund</u>
Budget basis	\$ 690,435
Net adjustment for revenue accruals	35,973
Net adjustment for expenditure accruals	(286,778)
Net adjustment for other financing sources (uses)	9,740
Funds budgeted elsewhere	40,076
Adjustment for encumbrances	<u>718,222</u>
GAAP basis	<u>\$ 1,207,668</u>

Certain funds that are legally budgeted in separate special revenue funds, internal service funds and custodial funds are considered part of the general fund on a GAAP basis.

**NOTE 16 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

**PLEASANT LOCAL SCHOOL DISTRICT  
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**NOTE 16 - SET-ASIDES - (Continued)**

	Capital Improvements
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	236,649
Current year qualifying expenditures	(580,934)
Current year offsets	-
Total	\$ (344,285)
Balance carried forward to fiscal year 2023	\$ -
Set-aside balance June 30, 2022	\$ -

**NOTE 17 - COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Fiscal Year-End Encumbrances
General	\$ 531,979
Building	3,283,817
Classroom Facilities	169,266
Other Governmental	209,236
Total	\$ 4,194,298

The building fund had significant contractual commitments for the purpose of constructing school facilities and renovating and improving school facilities.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2022.

**B. Litigation**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 19 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

REQUIRED SUPPLEMENTARY INFORMATION



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.04396890%	0.04305710%	0.04707010%	0.04696760%
District's proportionate share of the net pension liability	\$ 1,622,325	\$ 2,847,887	\$ 2,816,287	\$ 2,689,921
District's covered payroll	\$ 1,547,163	\$ 1,632,400	\$ 1,589,844	\$ 1,341,363
District's proportionate share of the net pension liability as a percentage of its covered payroll	104.86%	174.46%	177.14%	200.54%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.04249200%	0.04359300%	0.04100800%	0.04258200%	0.04258200%
\$ 2,538,815	\$ 3,190,635	\$ 2,339,945	\$ 2,155,051	\$ 2,532,215
\$ 1,500,479	\$ 1,291,143	\$ 1,250,129	\$ 1,215,678	\$ 1,222,355
169.20%	247.12%	187.18%	177.27%	207.16%
69.50%	62.98%	69.16%	71.70%	65.52%

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.04667169%	0.04642560%	0.04554470%	0.04527520%
District's proportionate share of the net pension liability	\$ 5,967,395	\$ 11,233,351	\$ 10,071,932	\$ 9,954,998
District's covered payroll	\$ 5,685,300	\$ 5,602,850	\$ 5,299,764	\$ 5,122,679
District's proportionate share of the net pension liability as a percentage of its covered payroll	104.96%	200.49%	190.04%	194.33%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.04518750%	0.04768400%	0.04806990%	0.04967950%	0.04967950%
\$ 10,734,383	\$ 15,961,275	\$ 13,285,125	\$ 12,083,779	\$ 14,394,118
\$ 4,961,721	\$ 5,002,593	\$ 5,030,736	\$ 5,105,723	\$ 5,435,254
216.34%	319.06%	264.08%	236.67%	264.83%
75.30%	66.80%	72.10%	74.70%	69.30%

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 244,643	\$ 208,867	\$ 220,374	\$ 214,629	\$ 181,084
Contributions in relation to the contractually required contribution	<u>(244,643)</u>	<u>(208,867)</u>	<u>(220,374)</u>	<u>(214,629)</u>	<u>(181,084)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,747,450	\$ 1,547,163	\$ 1,632,400	\$ 1,589,844	\$ 1,341,363
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 210,067	\$ 180,760	\$ 164,767	\$ 168,493	\$ 169,174
<u>(210,067)</u>	<u>(180,760)</u>	<u>(164,767)</u>	<u>(168,493)</u>	<u>(169,174)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,500,479	\$ 1,291,143	\$ 1,250,129	\$ 1,215,678	\$ 1,222,355
14.00%	14.00%	13.18%	13.86%	13.84%

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 844,843	\$ 795,942	\$ 784,399	\$ 741,967	\$ 717,175
Contributions in relation to the contractually required contribution	<u>(844,843)</u>	<u>(795,942)</u>	<u>(784,399)</u>	<u>(741,967)</u>	<u>(717,175)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,034,593	\$ 5,685,300	\$ 5,602,850	\$ 5,299,764	\$ 5,122,679
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 694,641	\$ 700,363	\$ 704,303	\$ 663,744	\$ 706,583
<u>(694,641)</u>	<u>(700,363)</u>	<u>(704,303)</u>	<u>(663,744)</u>	<u>(706,583)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,961,721	\$ 5,002,593	\$ 5,030,736	\$ 5,105,723	\$ 5,435,254
14.00%	14.00%	14.00%	13.00%	13.00%



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.04508180%	0.04480800%	0.04782400%	0.04710100%	0.04288100%	0.04408000%
District's proportionate share of the net OPEB liability	\$ 853,210	\$ 973,829	\$ 1,202,673	\$ 1,306,703	\$ 1,150,811	\$ 1,256,443
District's covered payroll	\$ 1,547,163	\$ 1,632,400	\$ 1,589,844	\$ 1,341,363	\$ 1,500,479	\$ 1,291,143
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	55.15%	59.66%	75.65%	97.42%	76.70%	97.31%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/ASSET  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.04667169%	0.04642560%	0.04554470%	0.04527520%	0.04518750%	0.04768400%
District's proportionate share of the net OPEB liability/(asset)	\$ (984,034)	\$ (815,930)	\$ (754,329)	\$ (727,526)	\$ 1,763,049	\$ 2,550,153
District's covered payroll	\$ 5,685,300	\$ 5,602,850	\$ 5,299,764	\$ 5,122,679	\$ 4,961,721	\$ 5,002,593
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	17.31%	14.56%	14.23%	14.20%	35.53%	50.98%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 29,142	\$ 27,780	\$ 29,391	\$ 35,201	\$ 29,720
Contributions in relation to the contractually required contribution	<u>(29,142)</u>	<u>(27,780)</u>	<u>(29,391)</u>	<u>(35,201)</u>	<u>(29,720)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,747,450	\$ 1,547,163	\$ 1,632,400	\$ 1,589,844	\$ 1,341,363
Contributions as a percentage of covered payroll	1.67%	1.80%	1.80%	2.21%	2.22%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 22,266	\$ 21,888	\$ 33,218	\$ 23,792	\$ 24,576
<u>(22,266)</u>	<u>(21,888)</u>	<u>(33,218)</u>	<u>(23,792)</u>	<u>(24,576)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,500,479	\$ 1,291,143	\$ 1,250,129	\$ 1,215,678	\$ 1,222,355
1.48%	1.70%	2.66%	1.96%	2.01%

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,034,593	\$ 5,685,300	\$ 5,602,850	\$ 5,299,764	\$ 5,122,679
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ 50,599	\$ 52,500
-	-	-	(50,599)	(52,500)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,961,721	\$ 5,002,593	\$ 5,030,736	\$ 5,105,723	\$ 5,435,254
0.00%	0.00%	1.00%	1.00%	1.00%

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

## **SUPPLEMENTARY INFORMATION**

PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANT NUMBER	CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<b>Child Nutrition Cluster:</b>			
School Breakfast Program	10.553	2022	\$ 138,548
National School Lunch Program	10.555	2022	472,096
COVID-19 - National School Lunch Program	10.555	COVID-19, 2022	25,918
National School Lunch Program - Food Donation	10.555	2022	17,325
<b>Total National School Lunch Program</b>			<b>515,339</b>
<b>Total Child Nutrition Cluster</b>			<b>653,887</b>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant- COVID-19	10.649	COVID-19, 2022	614
<b>Total U.S. Department of Agriculture</b>			<b>654,501</b>
<b>U.S. DEPARTMENT OF TREASURY PASSED THROUGH PLEASANT TOWNSHIP</b>			
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19, 2021	9,258
<b>Total U.S. Department of Treasury</b>			<b>9,258</b>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	55,957
Title I Grants to Local Educational Agencies - Expanding Opportunities	84.010A	84.010A, 2021	67,220
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2022	136,783
Title I Grants to Local Educational Agencies - Expanding Opportunities	84.010A	84.010A, 2022	13,418
<b>Total Title I Grants to Local Educational Agencies</b>			<b>273,378</b>
<b>Special Education Cluster (IDEA):</b>			
Special Education Grants to States (IDEA, Part B)	84.027A	84.027A, 2021	36,867
Special Education Grants to States (IDEA, Part B)	84.027A	84.027A, 2022	254,819
COVID-19 - Special Education Grants to States (IDEA, Part B)- ARP	84.027X	COVID-19, 84.027X, 2022	5,168
<b>Total Special Education Cluster (IDEA) and Special Education Grants to States (IDEA, Part B)</b>			<b>296,854</b>
Twenty-First Century Community Learning Centers	84.287A	84.287A, 2021	15,685
Twenty-First Century Community Learning Centers	84.287A	84.287A, 2022	113,237
<b>Total Twenty-First Century Community Learning Centers</b>			<b>128,922</b>
Supporting Effective Instruction State Grants	84.367A	84.367A, 2021	13,864
Supporting Effective Instruction State Grants	84.367A	84.367A, 2022	26,218
<b>Total Improving Teacher Quality State Grants</b>			<b>40,082</b>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2022	8,400
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2022	96,802
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund <i>Passed through the Educational Service Center of Central Ohio</i>	84.425U	COVID-19, 84.425U, 2022	570,303
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP Homeless II) Fund	84.425W	COVID-19, 84.425W, 2022	4,524
<b>Total Education Stabilization Fund</b>			<b>671,629</b>
<b>Total U.S. Department of Education</b>			<b>1,419,265</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 2,083,024</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Pleasant Local School District, Marion County, Ohio (the “District”) under programs of the federal government for the fiscal year ended June 30, 2022 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position of the District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as reimbursement.

**NOTE 2 – DE MINIMIS COST RATE**

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - CHILD NUTRITION CLUSTER**

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

**NOTE 4 – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE 5 – PASS THROUGH FUNDS**

The Pleasant Local School District was awarded federal program allocations to be administered on their behalf by an area Educational Service Center (ESC). For 2022, Pleasant Local School District’s allocations are as follows:

Title III English Language Acquisitions State Grants (ALN 84.365A; North Central Ohio ESC)	\$4,086
Special Education Preschool Grants (IDEA, Preschool) (ALN 84.173A; North Central Ohio ESC)	\$6,122

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

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

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Local School District, Marion County, Ohio, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pleasant Local School District's basic financial statements, and have issued our report thereon dated March 13, 2023 wherein we noted as described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Pleasant Local School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pleasant Local School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pleasant Local School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Pleasant Local School District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Pleasant Local School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Pleasant Local School District

Marion County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pleasant Local School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pleasant Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.

March 13, 2023

**Independent Auditor’s Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

To the Members of the Board of Education:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Pleasant Local School District’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Pleasant Local School District’s major federal programs for the fiscal year ended June 30, 2022. The Pleasant Local School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the Pleasant Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

We are required to be independent of the Pleasant Local School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Pleasant Local School District’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Pleasant Local School District’s federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Pleasant Local School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Pleasant Local School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Pleasant Local School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Pleasant Local School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Pleasant Local School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
March 13, 2023

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Cluster; COVID-19 - Education Stabilization Fund (ALN 84.425)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

# OHIO AUDITOR OF STATE KEITH FABER



**PLEASANT LOCAL SCHOOL DISTRICT**

**MARION COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/11/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)