



**Auditor of State  
Betty Montgomery**



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Local School District, Marion County, Ohio, (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Local School District, Marion County, Ohio, as of June 30, 2004, and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and you should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Betty Montgomery**  
Auditor of State

March 24, 2005

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
Unaudited**

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The discussion and analysis of Pleasant Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Highlights**

Key highlights for fiscal year 2004 are as follows:

In total, net assets increased \$547,069, or almost 7 percent. Revenues were very comparable to the prior fiscal year and expenses were up slightly due to salary and benefit increases.

General revenues were \$8,035,370, or 73 percent of total revenues. The School District is very dependent on property taxes and unrestricted state entitlements.

**Using the Basic Financial Statements**

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

The statement of net assets and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

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

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2004. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
Unaudited**

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

In the statement of net assets and the statement of activities, all of the School District's activities are presented as governmental activities and include instruction, support services, non-instructional services, and extracurricular activities.

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

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

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

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



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
Unaudited**

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**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2004 compared to fiscal year 2003:

Table 1  
Net Assets

	Governmental Activities	
	2004	2003
<u>Assets:</u>		
Current and Other Assets	\$9,022,665	\$8,487,639
Capital Assets, Net	7,135,901	7,168,282
Total Assets	<u>16,158,566</u>	<u>15,655,921</u>
 <u>Liabilities:</u>		
Current and Other Liabilities	3,661,586	3,534,354
Long-Term Liabilities	3,705,354	3,877,010
Total Liabilities	<u>7,366,940</u>	<u>7,411,364</u>
 <u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	3,991,840	3,807,386
Restricted	769,919	784,192
Unrestricted	4,029,867	3,652,979
Total Net Assets	<u>\$8,791,626</u>	<u>\$8,244,577</u>

While total assets increased just over 3 percent, there was some fluctuation from the prior fiscal year in current and other assets. The only item of note was the 10 percent increase in cash and cash equivalents. Most of this increase resulted from open enrollment.

Total liabilities remained almost constant with the prior fiscal year.

The most significant change in net assets is reflected in unrestricted net assets and is the result of the increase in unrestricted cash and cash equivalents.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
Unaudited**

Table 2 reflects the changes in net assets from the prior fiscal year.

Table 2  
Change in Net Assets

	Governmental Activities	
	2004	2003
<u>Revenues:</u>		
Program Revenues		
Charges for Services and Sales	\$2,246,921	\$2,215,003
Operating Grants, Contributions, and Interest	667,371	603,824
Capital Grants and Contributions	19,683	34,916
Total Program Revenues	2,933,975	2,853,743
General Revenues		
Property Taxes	4,096,454	4,038,203
Grants and Entitlements	3,868,604	3,875,604
Interest	58,839	82,864
Miscellaneous	11,473	52,920
Total General Revenues	8,035,370	8,049,591
Total Revenues	10,969,345	10,903,334
<u>Expenses:</u>		
Instruction:		
Regular	5,397,174	5,059,336
Special	767,982	723,331
Vocational	62,900	72,103
Adult/Continuing	0	320
Support Services:		
Pupils	367,414	335,938
Instructional Staff	338,027	306,079
Board of Education	96,792	87,072
Administration	740,119	677,655
Fiscal	278,906	246,134
Operation and Maintenance of Plant	916,172	865,095
Pupil Transportation	358,375	376,731
Non-Instructional Services	466,609	444,840
Extracurricular Activities	470,526	481,256
Interest and Fiscal Charges	161,280	178,904
Total Expenses	10,422,276	9,854,794
Increase in Net Assets	\$547,069	\$1,048,540

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
Unaudited**

The percentage of both program revenues and general revenues to total revenues are almost identical to the prior fiscal year. Program revenues are primarily represented by charges for tuition, student fees, and extracurricular activities, and food service sales as well as restricted intergovernmental revenues. General revenues are almost entirely property taxes and unrestricted State entitlements.

Obviously, the major program expenses are for instruction, which were 60 percent of all governmental expenses. This percentage of total costs is the same as the prior year; however, note that costs in this area did increase as a result of salary and benefit increases. All other expense categories remained consistent with the prior fiscal year.

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

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2004	2003	2004	2003
<b>Instruction:</b>				
Regular	\$5,397,174	\$5,059,336	\$3,590,124	\$3,268,117
Special	767,982	723,331	321,643	408,398
Vocational	62,900	72,103	62,900	72,103
Adult/Continuing	0	320	0	320
<b>Support Services:</b>				
Pupils	367,414	335,938	354,650	209,624
Instructional Staff	338,027	306,079	338,027	306,079
Board of Education	96,792	87,072	96,792	87,072
Administration	740,119	677,655	740,119	677,655
Fiscal	278,906	246,134	278,906	246,134
Operation and Maintenance of Plant	916,172	865,095	907,172	850,223
Pupil Transportation	358,375	376,731	295,027	347,355
Non-Instructional Services	466,609	444,840	(4,531)	7,171
Extracurricular Activities	470,526	481,256	346,192	341,896
Interest and Fiscal Charges	161,280	178,904	161,280	178,904
<b>Total Expenses</b>	<b>\$10,422,276</b>	<b>\$9,854,794</b>	<b>\$7,488,301</b>	<b>\$7,001,051</b>

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
Unaudited**

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General revenue support for governmental operations was 72 percent for fiscal year 2004 and 71 percent for fiscal year 2003 so, once again, there was little change in program costs or the funding for those costs. Funding was up slightly for Idea B and Title I grants which contributed to a greater percentage of special instruction costs being supported by program revenues. The non-instructional program has a significant portion of its costs provided for through program revenues and for fiscal year 2004, program revenues actually exceeded the costs of the program. These revenues consist of cafeteria sales and state and federal subsidies for food service operations.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$10,967,120 and expenditures of \$10,587,196. The overall positive change of \$395,924, or 8.2 percent, was not that significant in total. The General Fund however, experienced a 16 percent decrease in fund balance. Although the School District continues to maintain expenditures within revenues received in this fund, transfers to other funds for future construction or to subsidize activities in other funds have caused the reduction in fund balance.

**General Fund Budgeting Highlights**

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

During fiscal year 2004, the School District amended its General Fund budget as needed. Note, however, changes in the original and final budgeted amounts for revenues were minor as were the actual revenues received when compared to the final budget.

Changes from the original to the final budgeted amounts for expenditures are largely due to conservative estimating early in the fiscal year. However, the same can be said for the final budgeted amounts when compared to the actual expenditures made.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2004, the School District had \$7,135,901 invested in capital assets (net of accumulated depreciation) for governmental activities, a decrease of \$32,381 (less than 1 percent). For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
Unaudited**

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Debt

At June 30, 2004, the School District had outstanding school improvement general obligation bonds, in the amount of \$3,075,000, for building improvements. The bonds were issued for a twenty-five year period, with final maturity on December 1, 2018.

The School District also had outstanding capital leases for equipment, in the amount of \$69,061. In addition to the bonds and leases, the School District's long-term obligations include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 14 to the basic financial statements.

**Current Issues**

In 1996, the School District passed a three-year emergency levy to generate \$495,000 and has renewed it three times. This levy provides a continuous source of funds for a financial cushion and has helped the School District remain in a good financial position. The School District has benefited from open enrollment from other school districts. The School District generated over \$827,000 from open enrollment during this fiscal year.

The School District has been making various improvements to the land that will ultimately make up the School District's athletic complex. Improvements include an access road which helps alleviate traffic congestion as well as tiling, grading, and fencing. The athletic complex will consist of baseball and soccer fields as well as band and football practice areas. Though gradually being developed, this area is also the site of the land lab.

At the end of June 2004, the Board of Education felt comfortable with the cash balances and decided to transfer \$1,100,000 from the General Fund to the Permanent Improvement Fund. These monies will be used for building additional classrooms at the high school.

The School District has decided to sponsor a community school, the Pleasant Community Digital Academy. The Digital Academy began operations in fiscal year 2005. We have enrolled our resident kindergarten students and also have junior high and high school students enrolled. With this Digital Academy, we are able to receive federal funding and expand our curriculum for these students.

**Contacting the School District's Financial Management**

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

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**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Statement of Net Assets  
June 30, 2004**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$4,692,451
Cash and Cash Equivalents with Fiscal Agent	10
Accounts Receivable	12,020
Accrued Interest Receivable	9,071
Intergovernmental Receivable	50,801
Prepaid Items	89,451
Inventory Held for Resale	10,726
Materials and Supplies Inventory	28,014
Property Taxes Receivable	4,130,121
Nondepreciable Capital Assets	497,124
Depreciable Capital Assets, Net	<u>6,638,777</u>
Total Assets	<u>16,158,566</u>
 <u>Liabilities:</u>	
Accounts Payable	38,714
Contracts Payable	27,683
Accrued Wages and Benefits Payable	728,175
Intergovernmental Payable	243,775
Retainage Payable	3,016
Deferred Revenue	2,605,723
Accrued Interest Payable	12,589
Special Termination Benefits Payable	1,911
Long-Term Liabilities:	
Due Within One Year	252,805
Due in More Than One Year	<u>3,452,549</u>
Total Liabilities	<u>7,366,940</u>
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	3,991,840
Restricted For:	
Set Asides	129,789
Debt Service	379,885
Capital Projects	11,000
Other Purposes	249,245
Unrestricted	<u>4,029,867</u>
Total Net Assets	<u>\$8,791,626</u>

See Accompanying Notes to Basic Financial Statements

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2004**

	Program Revenues			
	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	
Expenses				
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$5,397,174	\$1,710,211	\$96,839	\$0
Special	767,982	41,368	404,971	0
Vocational	62,900	0	0	0
Support Services:				
Pupils	367,414	0	12,764	0
Instructional Staff	338,027	0	0	0
Board of Education	96,792	0	0	0
Administration	740,119	0	0	0
Fiscal	278,906	0	0	0
Operation and Maintenance of Plant	916,172	0	0	9,000
Pupil Transportation	358,375	43,657	9,008	10,683
Non-Instructional Services	466,609	330,654	140,486	0
Extracurricular Activities	470,526	121,031	3,303	0
Interest and Fiscal Charges	161,280	0	0	0
Total Governmental Activities	<u>\$10,422,276</u>	<u>\$2,246,921</u>	<u>\$667,371</u>	<u>\$19,683</u>

General Revenues:

Property Taxes Levied for General Purposes  
Property Taxes Levied for Debt Service Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Interest  
Miscellaneous  
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year  
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements



Net (Expense) Revenue  
and Change in Net Assets

Governmental  
Activities

(\$3,590,124)  
(321,643)  
(62,900)

(354,650)  
(338,027)  
(96,792)  
(740,119)  
(278,906)  
(907,172)  
(295,027)  
4,531  
(346,192)  
(161,280)

(7,488,301)

3,783,684  
312,770  
3,868,604  
58,839  
11,473  
8,035,370

547,069

8,244,557  
\$8,791,626

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Balance Sheet  
Governmental Funds  
June 30, 2004**

	General	Permanent Improvement	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,873,660	\$1,100,000	\$589,002	\$4,562,662
Cash and Cash Equivalents with Fiscal Agent	0	0	10	10
Accounts Receivable	1,091	0	10,929	12,020
Accrued Interest Receivable	9,071	0	0	9,071
Intergovernmental Receivable	38,870	0	11,931	50,801
Prepaid Items	84,629	0	4,822	89,451
Inventory Held for Resale	0	0	10,726	10,726
Materials and Supplies Inventory	27,426	0	588	28,014
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	129,789	0	0	129,789
Property Taxes Receivable	3,810,040	0	320,081	4,130,121
<b>Total Assets</b>	<b>\$6,974,576</b>	<b>\$1,100,000</b>	<b>\$948,089</b>	<b>\$9,022,665</b>
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities</u>				
Accounts Payable	\$25,946	\$0	\$12,768	\$38,714
Contracts Payable	0	0	27,683	27,683
Accrued Wages and Benefits Payable	688,621	0	39,554	728,175
Intergovernmental Payable	166,308	0	7,128	173,436
Retainage Payable	0	0	3,016	3,016
Deferred Revenue	2,602,840	0	214,974	2,817,814
<b>Total Liabilities</b>	<b>3,483,715</b>	<b>0</b>	<b>305,123</b>	<b>3,788,838</b>
<u>Fund Balances:</u>				
Reserved for Property Taxes	1,225,094	0	113,748	1,338,842
Reserved for Textbooks	5,183	0	0	5,183
Reserved for Capital Improvements	124,606	0	0	124,606
Reserved for Encumbrances	216,874	0	121,901	338,775
Unreserved, Designated for Budget Stabilization	221,544	0	0	221,544
<u>Unreserved, Undesignated Reported in:</u>				
General Fund	1,697,560	0	0	1,697,560
Special Revenue Funds	0	0	133,393	133,393
Debt Service Fund	0	0	262,924	262,924
Capital Projects Funds	0	1,100,000	11,000	1,111,000
<b>Total Fund Balances</b>	<b>3,490,861</b>	<b>1,100,000</b>	<b>642,966</b>	<b>5,233,827</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$6,974,576</b>	<b>\$1,100,000</b>	<b>\$948,089</b>	<b>\$9,022,665</b>

See Accompanying Notes to the Basic Financial Statements

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2004**

Total Governmental Fund Balances		\$5,233,827
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
		7,135,901
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts Receivable	23,239	
Accrued Interest Receivable	1,028	
Intergovernmental Receivable	2,268	
Property Taxes Receivable	185,556	
	<hr/>	
		212,091
Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources and, therefore, not reported in the funds.		
		(70,339)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable	(12,589)	
Special Termination Benefits Payable	(1,911)	
General Obligation Bonds Payable	(3,075,000)	
Compensated Absences Payable	(561,293)	
Capital Leases Payable	(69,061)	
	<hr/>	
		(3,719,854)
Net Assets of Governmental Activities		<hr/> <u>\$8,791,626</u>

See Accompanying Notes to the Basic Financial Statements

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2004**

	General	Permanent Improvement	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$3,785,204	\$0	\$312,827	\$4,098,031
Intergovernmental	4,022,917	0	562,733	4,585,650
Interest	57,811	0	722	58,533
Tuition and Fees	1,625,401	0	59,018	1,684,419
Extracurricular Activities	13,868	0	174,550	188,418
Charges for Services	0	0	330,762	330,762
Gifts and Donations	0	0	246	246
Miscellaneous	19,774	0	1,287	21,061
Total Revenues	<u>9,524,975</u>	<u>0</u>	<u>1,442,145</u>	<u>10,967,120</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,086,832	0	212,455	5,299,287
Special	646,263	0	119,306	765,569
Vocational	61,313	0	0	61,313
Support Services:				
Pupils	219,963	0	146,377	366,340
Instructional Staff	307,075	0	42,888	349,963
Board of Education	96,792	0	0	96,792
Administration	721,783	0	5,403	727,186
Fiscal	268,350	0	7,867	276,217
Operation and Maintenance of Plant	823,951	0	0	823,951
Pupil Transportation	362,407	0	1,226	363,633
Non-Instructional Services	0	0	468,496	468,496
Extracurricular Activities	268,639	0	186,262	454,901
Capital Outlay	154,182	0	0	154,182
Debt Service:				
Principal Retirement	15,814	0	201,021	216,835
Interest and Fiscal Charges	3,492	0	159,039	162,531
Total Expenditures	<u>9,036,856</u>	<u>0</u>	<u>1,550,340</u>	<u>10,587,196</u>
Excess of Revenues Over (Under) Expenditures	<u>488,119</u>	<u>0</u>	<u>(108,195)</u>	<u>379,924</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Capital Assets	16,000	0	0	16,000
Transfers In	0	1,100,000	76,883	1,176,883
Transfers Out	(1,176,883)	0	0	(1,176,883)
Total Other Financing Sources (Uses)	<u>(1,160,883)</u>	<u>1,100,000</u>	<u>76,883</u>	<u>16,000</u>
Changes in Fund Balances	(672,764)	1,100,000	(31,312)	395,924
Fund Balances at Beginning of Year	4,163,625	0	674,278	4,837,903
Fund Balances at End of Year	<u>\$3,490,861</u>	<u>\$1,100,000</u>	<u>\$642,966</u>	<u>\$5,233,827</u>

See Accompanying Notes to the Basic Financial Statements

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to Statement of Activities  
For the Fiscal Year Ended June 30, 2004**

Changes in Fund Balances - Total Governmental Funds \$395,924

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

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

Capital Outlay - Construction in Progress	69,054	
Capital Outlay - Depreciable Capital Assets	201,022	
Depreciation	<u>(285,536)</u>	(15,460)

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

Proceeds from Sale of Capital Assets	(16,000)	
Loss on Disposal of Capital Assets	<u>(921)</u>	(16,921)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Property Taxes	(1,577)	
Intergovernmental	65	
Interest	1,028	
Tuition and Fees	12,421	
Extracurricular Activities	(1,503)	
Charges for Services	(108)	
Miscellaneous	<u>(8,101)</u>	2,225

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 216,835

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets. 1,251

Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payables representing contractually required pension contributions, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Intergovernmental Payable	5,532	
Special Termination Benefits Payable	2,862	
Compensated Absences Payable	<u>(45,179)</u>	(36,785)

Change in Net Assets of Governmental Activities \$547,069

See Accompanying Notes to the Basic Financial Statements

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$3,638,850	\$3,750,219	\$3,750,219	\$0
Intergovernmental	4,058,129	4,018,282	4,021,934	3,652
Interest	75,000	62,251	62,251	0
Tuition and Fees	1,592,421	1,613,683	1,613,683	0
Extracurricular Activities	17,100	13,868	13,868	0
Miscellaneous	8,580	11,216	11,216	0
Total Revenues	<u>9,390,080</u>	<u>9,469,519</u>	<u>9,473,171</u>	<u>3,652</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,723,026	5,300,541	5,070,496	230,045
Special	818,273	822,705	648,842	173,863
Vocational	84,580	83,580	61,781	21,799
Support Services:				
Pupils	359,197	350,017	221,880	128,137
Instructional Staff	438,245	476,248	407,350	68,898
Board of Education	170,860	170,880	97,497	73,383
Administration	915,513	915,513	722,283	193,230
Fiscal	321,929	321,929	277,297	44,632
Operation and Maintenance of Plant	1,359,230	1,331,840	946,746	385,094
Pupil Transportation	545,635	397,236	372,639	24,597
Extracurricular Activities	334,722	309,722	277,147	32,575
Capital Outlay	918,112	409,112	293,095	116,017
Total Expenditures	<u>11,989,322</u>	<u>10,889,323</u>	<u>9,397,053</u>	<u>1,492,270</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,599,242)</u>	<u>(1,419,804)</u>	<u>76,118</u>	<u>1,495,922</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	11,000	704	704	0
Other Financing Sources	2,500	10,784	10,784	0
Sale of Capital Assets	18,420	16,000	16,000	0
Transfers Out	(50,000)	(1,150,000)	(1,147,209)	2,791
Total Other Financing Sources (Uses)	<u>(18,080)</u>	<u>(1,122,512)</u>	<u>(1,119,721)</u>	<u>2,791</u>
Changes in Fund Balance	(2,617,322)	(2,542,316)	(1,043,603)	1,498,713
Fund Balance at Beginning of Year	3,308,253	3,308,253	3,308,253	0
Prior Year Encumbrances Appropriated	367,511	367,511	367,511	0
Fund Balance at End of Year	<u>\$1,058,442</u>	<u>\$1,133,448</u>	<u>\$2,632,161</u>	<u>\$1,498,713</u>

See Accompanying Notes to the Basic Financial Statements

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2004**

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$89,224	<u>\$21,302</u>
<u>Liabilities:</u>		
Due to Students	<u>0</u>	<u>\$21,302</u>
<u>Net Assets:</u>		
Held in Trust for Scholarships	79,224	
Endowment	<u>10,000</u>	
Total Net Assets	<u>\$89,224</u>	

See Accompanying Notes to the Basic Financial Statements

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**Statement of Changes in Fiduciary Net Assets  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2004**

<u>Additions:</u>	
Interest	\$825
Gifts and Donations	24,016
Total Additions	<u>\$24,841</u>
 <u>Deductions:</u>	
Non-Instructional	<u>14,170</u>
 Change in Net Assets	 10,671
 Net Assets at Beginning of Year	 <u>78,553</u>
Net Assets at End of Year	<u><u>\$89,224</u></u>

See Accompanying Notes to the Basic Financial Statements



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1916. The School District serves an area of approximately thirty-six square miles. It is located in Marion County and includes all of Pleasant Township, portions of Marion and Richland Townships, and a portion of the City of Marion. The School District is the 420th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by forty-six classified employees, eighty-six certified teaching personnel, and seven administrative employees who provide services to 1,402 students and other community members. The School District currently operates three instructional buildings.

**Reporting Entity**

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

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

The School District participates in six jointly governed organizations and three insurance pools. These organizations are the Tri-Rivers Educational Computer Association; Tri-Rivers Joint Vocational School; North Central Regional Professional Development Center; North Central Ohio Special Education Regional Resource Center; Northwestern Ohio Educational Research Council, Inc.; Metropolitan Educational Council; Ohio School Plan; Ohio School Boards Association Workers' Compensation Group Rating Plan; and the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust. These organizations are presented in Notes 19 and 20 to the basic financial statements.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

The basic financial statements of Pleasant Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary.

Governmental Funds

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

**C. Measurement Focus**

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds.

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

**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; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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 both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, and charges for services.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

**E. Budgetary Process**

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

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

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**F. Cash and Investments**

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

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

During fiscal year 2004, the School District invested in nonnegotiable certificates of deposit, which are reported at cost, federal agency securities and U.S. Treasury Notes, which are reported at fair value, and STAR Ohio. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2004 was \$57,811, which includes \$8,848 assigned from other School District funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2004, 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.

**H. Inventory**

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

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside to create a reserve for textbooks and for the acquisition and construction of capital improvements.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**J. Capital Assets**

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

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

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

<u>Description</u>	<u>Useful Lives</u>
Land Improvements	10 - 25 years
Buildings and Building Improvements	10 - 100 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	10 - 15 years
Infrastructure	50 years

**K. Compensated Absences**

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

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**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 on the government-wide financial statements.

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specified purposes.

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

**N. Fund Balance Reserves and Designation**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for property taxes, textbooks, capital improvements, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the Board of Education. The designation for budget stabilization represents monies set aside by resolution of the Board of Education to offset revenue/expenditure fluctuations.



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**O. Interfund Transactions**

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

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

**P. Extraordinary and Special Items**

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

**Q. Estimates**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2004, the School District has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". GASB Statement No. 39 establishes additional guidance on the application of existing standards for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship to the primary government.

**NOTE 4 - ACCOUNTABILITY**

At June 30, 2004, the Title I special revenue fund had a deficit fund balance, in the amount of \$6,674, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

	Change in Fund Balance
GAAP Basis	(\$672,764)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2003, Received in Cash FY 2004	1,216,196
Accrued FY 2004, Not Yet Received in Cash	(1,256,232)
Expenditure Accruals:	
Accrued FY 2003, Paid in Cash FY 2004	(854,203)
Accrued FY 2004, Not Yet Paid in Cash	851,201
Cash Adjustments:	
Unrecorded Activity FY 2003	4,033
Unrecorded Activity FY 2004	(4,313)
Prepaid Items	5,692
Materials and Supplies Inventory	4,088
Transfers Out	29,674
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(366,975)
Budget Basis	<u>(\$1,043,603)</u>

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

At fiscal year end, the School District had \$100 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

At fiscal year end, the School District had \$10 in cash and cash equivalents held by the North Central Ohio Educational Service Center, which is presented as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No. 3.

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

At fiscal year end, the carrying amount of the School District's deposits was \$868,437 and the bank balance was \$974,561. Of the bank balance, \$201,557 was covered by federal depository insurance, and \$773,004 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS** (Continued)

	Category 3	Fair Value
Federal Home Loan Bank Bond	\$101,031	\$101,031
U.S. Treasury Note	9,716	9,716
	\$110,747	110,747
STAR Ohio		3,823,693
Total Investments		\$3,934,440

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$4,802,987	\$0
Cash on Hand	(100)	0
Cash and Cash Equivalents with Educational Service Center	(10)	0
Investments:		
Federal Home Loan Bank Bonds	(101,031)	101,031
U.S. Treasury Note	(9,716)	9,716
STAR Ohio	(3,823,693)	3,823,693
GASB Statement No. 3	\$868,437	\$3,934,440

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2004, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 7 – RECEIVABLES** (Continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	<u>\$38,870</u>
Other Governmental Funds	
Food Service	11,735
Bond Retirement	196
Total Other Governmental Funds	<u>11,931</u>
Total Intergovernmental Receivables	<u><u>\$50,801</u></u>

**NOTE 8 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2004 represent the collection of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2004 represent the collection of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien on December 31, 2002, were levied after April 1, 2003, 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.

Tangible personal property tax revenues received in calendar year 2004 (other than public utility property) represent the collection of calendar year 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**NOTE 8 - PROPERTY TAXES (Continued)**

The School District receives property taxes from Marion County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2004, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004, was \$1,225,094 in the General Fund and \$113,748 in the Bond Retirement debt service fund. The amount available as an advance at June 30, 2003, was \$1,192,503 in the General Fund and \$110,606 in the Bond Retirement debt service fund.

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

The assessed values upon which fiscal year 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$113,906,840	72.94%	\$118,135,330	74.53%
Industrial/Commercial	23,765,270	15.22	23,304,860	14.70
Public Utility	8,766,140	5.61	8,752,590	5.52
Tangible Personal	9,734,380	6.23	8,306,530	5.25
Total Assessed Value	<u>\$156,172,630</u>	<u>100.00%</u>	<u>\$158,499,310</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$48.32		\$48.32	

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance at 6/30/03	Additions	Reductions	Balance at 6/30/04
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$416,997	\$0	\$0	\$416,997
Construction in Progress	11,073	69,054	0	80,127
Total Nondepreciable Capital Assets	428,070	69,054	0	497,124
Depreciable Capital Assets				
Land Improvements	1,750,086	110,213	0	1,860,299
Buildings and Building Improvements	5,522,679	2,304	0	5,524,983
Furniture, Fixtures, and Equipment	876,812	30,234	(32,254)	874,792
Vehicles	941,180	58,271	(101,921)	897,530
Infrastructure	97,600	0	0	97,600
Total Depreciable Capital Assets	9,188,357	201,022	(134,175)	9,255,204
Less Accumulated Depreciation				
Land Improvements	(\$450,048)	(\$92,033)	\$0	(\$542,081)
Buildings and Building Improvements	(998,740)	(69,860)	0	(1,068,600)
Furniture, Fixtures, and Equipment	(435,965)	(65,490)	21,043	(480,412)
Vehicles	(558,205)	(56,197)	96,211	(518,191)
Infrastructure	(5,187)	(1,956)	0	(7,143)
Total Accumulated Depreciation	(2,448,145)	(285,536)	117,254	(2,616,427)
Depreciable Capital Assets, Net	6,740,212	(84,514)	(16,921)	6,638,777
Governmental Activities Capital Assets, Net	\$7,168,282	(\$15,460)	(\$16,921)	\$7,135,901



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 9 - CAPITAL ASSETS** (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$74,198
Special	523
Vocational	156
Support Services:	
Pupils	713
Instructional Staff	3,792
Administration	4,021
Fiscal	862
Operation and Maintenance of Plant	109,195
Pupil Transportation	54,019
Non-Instructional Services	3,652
Extracurricular Activities	34,405
Total Depreciation Expense	<u>\$285,536</u>

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School District contracted for the following insurance coverage.

Coverage provided by Hartford Insurance is as follows:

Buildings and Contents - replacement cost	\$27,950,900
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Coverage provided by Ohio School Plan is as follows:

General Liability	
Per Occurrence	1,000,000
Aggregate	3,000,000
Automobile Liability	1,000,000

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 10 - RISK MANAGEMENT (Continued)**

For fiscal year 2004, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant

For fiscal year 2004, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

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

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

**A. State Teachers Retirement System (Continued)**

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The School District's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2004, 2003, and 2002 was \$570,892, \$537,828, and \$383,591, respectively; 83 percent has been contributed for fiscal year 2004 and 100 percent has been contributed for fiscal years 2003 and 2002. Contributions for the DCP for the fiscal year ended June 30, 2004, were \$4,982 made by the School District and \$4,744 made by plan members.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute an actuarially determined rate. The rate for fiscal year 2004 was 14 percent of annual covered payroll; 9.09 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 was \$89,642, \$77,658, and \$47,794, respectively; 40 percent has been contributed for fiscal year 2004 and 100 percent has been contributed for 2003 and 2002.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2004, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (Continued)

STRS retirees who participated in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount was \$44,298.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000, and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All members must pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50 percent for those who apply.

For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$63,544 for fiscal year 2004.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805, and the target level was \$355.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**NOTE 13 - OTHER EMPLOYEE BENEFITS (Continued)**

**B. Health Care Benefits**

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

**C. Special Termination Benefits**

Employees who retired in fiscal year 2004 were offered a special termination benefit. STRS employees were offered a one time retirement incentive in addition to severance benefits and STRS pension benefits. The retirement incentive, in the amount of \$3,000 per \$10,000 of annual salary, is offered in the first year of retirement eligibility. The employee has the opportunity to accept or reject the retirement incentive opportunity. If rejected, the employee will then be eligible for a reduced benefit of \$1,500 per \$10,000 of annual salary when they retire. The benefit may be paid directly to the employee and taxed as income, placed in a retirement account of the employee's choosing, or the employee may have the payment delayed until the following calendar year. At June 30, 2004, the liability for special termination benefits was \$1,911. The current special termination benefit program expires on June 30, 2006.

**NOTE 14 - LONG-TERM OBLIGATIONS**

Changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	Balance at 6/30/03	Additions	Reductions	Balance at 6/30/04	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
School Improvement Bonds					
FY 1993 5.045%	\$3,270,000	\$0	\$195,000	\$3,075,000	\$200,000
Compensated Absences Payable	516,114	48,599	3,420	561,293	33,179
Capital Leases Payable	90,896	0	21,835	69,061	19,626
Total Governmental Activities					
Long-Term Obligations	<u>\$3,877,010</u>	<u>\$48,599</u>	<u>\$220,255</u>	<u>\$3,705,354</u>	<u>\$252,805</u>

School Improvement General Obligation Bonds - On September 23, 1993, the School District issued \$4,500,000 in voted general obligation bonds for building improvements. The bonds were issued for a twenty-five year period, with final maturity on December 1, 2018. The bonds are being retired through the Bond Retirement debt service fund.

**PLEASANT LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**NOTE 14 - LONG-TERM OBLIGATIONS (Continued)**

Compensated absences will be paid from the General Fund and the Food Service and Title I special revenue funds. Capital leases will be paid from the General Fund and the SchoolNet Plus capital projects fund.

The School District's overall debt margin was \$11,452,862 with an unvoted debt margin of \$158,499 at June 30, 2004.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2004, were as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$200,000	\$146,662	\$346,662
2006	210,000	137,537	347,537
2007	220,000	127,807	347,807
2008	230,000	117,455	347,455
2009	245,000	106,289	351,289
2010-2014	885,000	390,788	1,275,788
2015-2019	1,085,000	141,203	1,226,203
	<u>\$3,075,000</u>	<u>\$1,167,741</u>	<u>\$4,242,741</u>

**NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2004 were \$21,835.

	<u>Governmental Activities</u>
Property under Capital Lease	\$93,207
Less Accumulated Depreciation	(27,962)
Total June 30, 2004	<u>\$65,245</u>

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

**NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE** (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

Fiscal Year	Principal	Interest
2005	\$19,626	\$3,190
2006	19,063	1,998
2007	20,018	1,043
2008	10,354	176
	\$69,061	\$6,407

**NOTE 16 - SET ASIDES**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2004.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2003	\$55,957	\$0	\$36,620
Current Year Set Aside Requirement	208,101	208,101	0
Qualifying Expenditures	(258,875)	(83,495)	(36,620)
Balance June 30, 2004	\$5,183	\$124,606	\$0

**NOTE 17 - INTERFUND TRANSFERS**

During fiscal year 2004, the General Fund made transfers to the Permanent Improvement capital projects fund, in the amount of \$1,100,000, for future construction to the high school. The General Fund also made transfers to other governmental funds, in the amount of \$76,883 to subsidize programs in other fund.



**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 18 - DONOR RESTRICTED ENDOWMENTS**

The School District's private purpose trust fund includes donor restricted endowments. Endowment, in the amount of \$10,000 represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$79,224 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Tri-Rivers Educational Computer Association**

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2004, the School District paid \$30,363 to TRECA for various services. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**B. Tri-Rivers Joint Vocational School**

The Tri-Rivers Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operates under the direction of a Board consisting of one representative from each of the ten participating school districts' Board of Education. The 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 Terril Martin, who serves as Treasurer, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**C. North Central Regional Professional Development Center**

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**D. 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 Patricia Lyons, Knox County Educational Service Center, 308 Martinsburg Road, Mt. Vernon, Ohio 43050.

**E. 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.

**F. Metropolitan Educational Council**

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

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 20 - INSURANCE POOLS**

**A. Ohio School Plan**

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**B. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

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

**C. Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust**

The Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (Trust), is a public entity shared risk pool consisting of eight school districts and the Madison/Champaign County and Delaware/Union County Educational Service Centers. The Trust is organized as a Voluntary Employee Benefit association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of monthly premiums. Financial information can be obtained from Scott Maruniak, who serves as Treasurer, North Union Local School District, 12920 State Route 739, Richwood, Ohio, 43344.

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

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**NOTE 21 - STATE SCHOOL FUNDING DECISION**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

**NOTE 22 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

**B. Litigation**

The School District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The School District's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the School District.

**NOTE 23 - SUBSEQUENT EVENTS**

On October 1, 2004, the Pleasant Digital Academy (PDA), a community school which provides education opportunities through distance learning technologies, began operations. Pleasant Local School District is the PDA's sponsoring government and PDA's five member Board of Directors is appointed by the Pleasant Local School District Board of Education. PDA will be reported as a discretely presented component unit on Pleasant Local School District's financial statements for fiscal year 2005.

On November 2, 2004, the voters approved a ten mill three-year renewal levy for operations.



## **Auditor of State Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Local School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated March 24, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the District's management dated March 24, 2005, we reported an other matter related to noncompliance we deemed immaterial.

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

We intend this report solely for the information and use of the finance committee, management, and the Board of Education. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

March 24, 2005

**PLEASANT LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2004**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	2004-001
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**Finding for Recovery  
Receipts Collected But Unaccounted For**

Ohio Rev. Code Section 9.38 states, in part, a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited.

Additionally, Ohio Rev. Code Section 9.39 states, in part, all public officials are liable for all public money received or collected by them or by their subordinates under color of office.

The Pleasant P.T.O. issued check #1069, in the amount of \$1,000, on August 27, 2001, payable to Mr. Mike Terry, then principal of Pleasant Middle School. Mr. Terry did not deposit this money with the Treasurer of the District, nor did Mr. Terry provide any documentation to demonstrate the money was used for a public purpose.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Michael Terry, in the amount of one thousand dollars (\$1,000), and in favor of the Pleasant Middle School Principal's Fund.







**Auditor of State  
Betty Montgomery**

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**PLEASANT LOCAL SCHOOL DISTRICT**

**MARION COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 16, 2005**