

PLEASANT COMMUNITY ACADEMY
(A Component Unit of Pleasant Local School District)
MARION COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

BETH COLLIER, CPA, TREASURER



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Pleasant Community Academy, Marion County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 26, 2009

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**PLEASANT COMMUNITY ACADEMY
(A Component Unit of Pleasant Local School District)
MARION COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

We have audited the accompanying financial statements of Pleasant Community Academy, Marion County, Ohio, a component unit of Pleasant Local School District, Marion County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise the Pleasant Community Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Pleasant Community Academy's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Pleasant Community Academy, as of June 30, 2009, and the respective changes in financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009, on our consideration of the Pleasant Community Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 30, 2009

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The management's discussion and analysis of Pleasant Community Academy's (PCA) financial performance provides an overall review of PCA's financial activities for the fiscal year ended June 30, 2009. Readers should also review the basic financial statements and notes to enhance their understanding of PCA's financial performance.

Highlights

PCA, and Online Internet School, as well as a regular school for Pleasant native kindergarten students, completed its fifth year of operation in fiscal year 2009 with an enrollment of ninety-three students. This represents a slight increase from fiscal year 2008 enrollment of eighty-seven students.

Using the Basic Financial Statements

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

The statement of net assets and the statement of revenues, expenses, and change in net assets reflect how PCA did financially during fiscal year 2009. 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 year's revenues and expenses regardless of when cash is received or paid.

These statements report PCA's net assets and change in those assets. This change in net assets is important because it tells the reader whether the financial position of PCA 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.

Table 1 provides a summary of PCA's net assets for fiscal year 2009 and fiscal year 2008:

	2009	2008
<u>Assets:</u>		
Current Assets	\$62,234	\$103,954
Capital Assets, Net	18,241	43,390
Total Assets	80,475	147,344
 <u>Liabilities:</u>		
Current Liabilities	797	1,327
 <u>Net Assets:</u>		
Invested in Capital Assets	18,241	43,390
Unrestricted	61,437	102,627
Total Net Assets	\$79,678	\$146,017

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Current assets at fiscal year end consist of cash and cash equivalents, prepaid items, and intergovernmental receivable. The decrease in current assets is due to a decrease in cash, which is a result of fiscal year 2009 expenditures exceeding revenue. Capital assets are comprised of computers and related equipment. There were no capital asset additions in fiscal year 2009; depreciation on existing capital assets resulted in an overall decrease in net capital assets. PCA had current liabilities of \$797 consisting of amounts owed to TRECA for June services.

Table 2 reflects the change in net assets for fiscal year 2009 and fiscal year 2008.

Table 2
Change in Net Assets

	2009	2008
<u>Operating Revenues:</u>		
Foundation	\$318,793	\$308,231
<u>Non-Operating Revenues:</u>		
Operating Grants	47,016	55,098
Interest Revenue	1,995	8,744
Total Revenues	367,804	372,073
<u>Operating Expenses:</u>		
Purchased Services	383,744	482,039
Materials and Supplies	16,334	11,323
Depreciation	25,149	32,843
Other Operating Expenses	8,916	2,685
Total Expenses	434,143	528,890
Increase/(Decrease) in Net Assets	(66,339)	(156,817)
Net Assets at Beginning of Year	146,017	302,834
Net Assets at End of Year	\$79,678	\$146,017

For fiscal year 2009, there was an increase in State foundation revenues due to a slight increase in enrollment. There was a decrease in interest revenue as a result of declining interest rates and a smaller cash balance during fiscal year 2009. Purchased services expenses decreased significantly due to reduced kindergarten instructional staff provided by the Pleasant Local School District in fiscal year 2009. Depreciation expense also decreased as a result of additional capital assets becoming fully depreciated. Although overall expenses decreased in fiscal year 2009, expenses exceeded revenues, resulting in PCA reporting an overall decrease in net assets for the fiscal year.

Budgeting

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

Capital Assets

At the end of fiscal year 2009, PCA had \$18,241 invested in capital assets (net of accumulated depreciation). For further information regarding PCA's capital assets, refer to Note 4 to the basic financial statements.

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Current Issues

In July, 2007, PCA converted from an e-school to a site-based school as the majority of students are resident kindergarten students attending regular classrooms at Pleasant Local School District. Other students enrolled in PCA include individuals taking classes online to supplement the classes they are taking in regular classroom settings while some are full-time online students. There is a niche for students with learning difficulties, or students that need one-on-one help, which they can receive online. With the additional monies generated through federal grants, PCA has been able to purchase new computer equipment and curriculum items for the kindergarten classes over the past five years.

Contacting PCA's Financial Management

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

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

Assets:

Current Assets:

Cash and Cash Equivalents	\$52,139
Prepaid Items	484
Intergovernmental Receivable	9,611
Total Current Assets	<u>62,234</u>

Non-Current Assets:

Depreciable Capital Assets, Net	18,241
Total Assets	<u>\$80,475</u>

Current Liabilities:

Accounts Payable	<u>\$797</u>
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Net Assets:

Invested in Capital Assets	18,241
Unrestricted	61,437
Total Net Assets	<u><u>\$79,678</u></u>

See Accompanying Notes to Basic Financial Statements

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Operating Revenues:</u>	
Foundation	\$318,793
Total Operating Revenue	<u>318,793</u>
 <u>Operating Expenses:</u>	
Purchased Services	383,744
Materials and Supplies	16,334
Depreciation	25,149
Other Operating Expenses	8,916
Total Operating Expenses	<u>434,143</u>
 Operating Loss	 <u>(115,350)</u>
 <u>Non-Operating Revenues:</u>	
Federal and State Grants	47,016
Interest Revenue	1,995
Total Non-Operating Revenues	<u>49,011</u>
 Change in Net Assets	 (66,339)
 Net Assets at Beginning of Year	 <u>146,017</u>
Net Assets at End of Year	<u><u>\$79,678</u></u>

See Accompanying Notes to the Basic Financial Statements

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Foundation	\$318,793
Cash Payments for Services	(381,860)
Cash Payments for Supplies	(17,194)
Cash Payments for Other Expenses	(5,617)
Net Cash Used for Operating Activities	<u>(85,878)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Operating Grants	<u>37,405</u>
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Cash Flows from Investing Activities:

Cash Received from Interest	<u>1,995</u>
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Net Decrease in Cash and Cash Equivalents	(46,478)
Cash and Cash Equivalents at Beginning of Year	<u>98,617</u>
Cash and Cash Equivalents at End of Year	<u><u>\$52,139</u></u>

Reconciliation of Operating Loss

to Net Cash Used for Operating Activities:

Operating Loss	(\$115,350)
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Adjustments to Reconcile Operating Loss

to Net Cash Used for Operating Activities:

Depreciation	25,149
Changes in Assets and Liabilities:	
Decrease in Prepaid Items	4,853
Decrease in Accounts Payable	(530)
Net Cash Used for Operating Activities	<u><u>(\$85,878)</u></u>

See Accompanying Notes to the Basic Financial Statements

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Note 1 - Description of the School

Pleasant Community Academy (PCA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. PCA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect PCA's tax exempt status. PCA's objective is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement that instruction and prepare students to become lifelong learners and productive citizens. It is to be operated in cooperation with the public schools to provide an innovative and cost-effective solution to the special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and others, including home-schooled students who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program. PCA, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. PCA may acquire facilities as needed and contract for any services necessary for the operation of the school.

PCA was initially approved for operation under a contract with the Pleasant Local School District (the Sponsor) for a five-year period commencing on the first day of the 2002 academic year. The sponsorship contract was renewed commencing on the first day of the 2006-2007 academic year, and then again for a period of four years commencing on the first day of the 2007-2008 academic year. Pleasant Local School District is responsible for evaluating the performance of PCA and has the authority to deny renewal of the contract at its expiration. Pleasant Local School District is also the fiscal agent of PCA with the Treasurer of Pleasant Local School District performing the role of Treasurer for PCA.

PCA operates under the direction of a seven-member Board of Directors made up of the Superintendent, the High School Principal, the Elementary School Principal, and the Middle School Principal of the Pleasant Local School District, and three members from the public. The first public member shall be a public educator or other public official representing a governmental entity that desires to further the establishment and operation of PCA. The second public member shall be a representative appointed by the Tri-Rivers Educational Computer Association (TRECA). The member appointed by TRECA will eventually be replaced by a person who represents the interests of parents and students served by PCA. The third public member shall be an at large community member. The Sponsor makes up a majority of the Board and can impose its will on PCA; therefore, PCA is a component unit of the Pleasant Local School District. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget; developing policies to guide the operation of PCA; securing funding; and maintaining a commitment to the vision, mission, and belief statements of PCA. During fiscal year 2009, PCA purchased services from TRECA for providing instructional, administrative, and technical services for PCA.

PCA participates in the Ohio School Plan, an insurance pool. This organization is presented in Note 9 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of PCA 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. PCA also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. PCA does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989. Following are the more significant of PCA's accounting policies.

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

PCA uses enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, change in net assets, financial position, and cash flows. Enterprise fund accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus

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

C. Basis of Accounting

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

D. Budgetary Process

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

E. Cash and Cash Equivalents

Cash held by PCA is reflected as "Cash and Cash Equivalents" on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents.

During fiscal year 2009, PCA invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year in which services are consumed.

G. Capital Assets

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

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

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by PCA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. PCA first applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available. PCA did not have any net assets restricted by enabling legislation at fiscal year end.

I. Operating Revenues and Expenses

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

J. 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 – Deposits & Investments

Deposits

At fiscal year end, PCA's entire bank balance of \$34,863 was FDIC-insured.

Investments

At June 30, 2009, PCA had the following investment:

	<u>Fair Value</u>	<u>Maturity</u>
STAR Ohio	\$ 17,276	average 58.1 days

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

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Depreciable Capital Assets				
Equipment	\$167,054	\$0	\$0	\$167,054
Less Accumulated Depreciation	(123,664)	(25,149)	0	(148,813)
Capital Assets, Net	<u>\$43,390</u>	<u>(25,149)</u>	<u>\$0</u>	<u>\$18,241</u>

Note 5 - Risk Management

PCA 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 2009, PCA contracted for the following insurance coverage:

Coverage provided by the Ohio School Plan:

General Liability

 Each Occurrence

\$1,000,000

 Aggregate

3,000,000

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

For fiscal year 2009, PCA 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.

Note 6 - Fiscal Agent

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

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

- A. Maintain the financial records of PCA in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;
- B. Comply with the policies and procedures regarding internal financial control of PCA; and
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 7 - Contract with TRECA

PCA entered into a contract June 23, 2008, with the Tri-Rivers Educational Computer Association (TRECA) for management consulting services for the 2008-2009 school year. Under the contract, the following terms were agreed upon:

1. TRECA shall provide instructional, supervisory/administrative, and technical services sufficient to effectively implement PCA's educational plan and PCA's assessment and accountability plan.
2. All personnel providing services to PCA on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions, and all other legal withholding and/or payroll taxes with respect to such personnel. All shall possess any certification or licensure which may be required by law.
3. The technical services provided by TRECA to PCA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
4. PCA shall secure the services of an Executive Director, who shall be the chief operating officer of the school with primary responsibility for day-to day operations of PCA.
5. Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA.
6. In exchange for the services and support (including equipment) provided by TRECA, PCA shall pay to TRECA \$3,875 per full-time student enrolled in PCA per year. Part-time students may be enrolled on such terms as are agreed to by the parties.

For fiscal year 2009, \$60,474 was paid to TRECA.

To obtain TRECA's June 30, 2009, audited financial statements contact Scott Armstrong, Treasurer, at scott@treca.org.

Note 8 - Related Party Transactions

PCA is a component unit of the Sponsor (Pleasant Local School District). PCA and Pleasant Local School District entered into a 4-year sponsorship agreement commencing on the first day of the 2007-2008 academic year, whereby terms of the sponsorship were established. Pursuant to this agreement, Pleasant Local School District's Treasurer serves as PCA's fiscal officer.

In fiscal year 2009, payments made by PCA to Pleasant Local School District were \$334,838. These represent payments of \$231,886 for kindergarten instructional services and \$102,952 for other support services provided by Pleasant Local School District to PCA.

Payments made by PCA to TRECA in fiscal year 2009 were \$61,807. This consists of \$60,474 in student charges and \$1,333 in miscellaneous fees.

**PLEASANT COMMUNITY ACADEMY
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Note 9 - Insurance Pool

PCA 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-Schuetz 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-Schuetz 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-Schuetz Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Note 10 - Contingencies

A. Grants

PCA 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of PCA at June 30, 2009.

B. Litigation

A lawsuit was filed in the U.S. District Court, Southern District of Ohio, Western Division on October 6, 2004, which challenges the funding of charter schools under Equal Protection, Due Process, and claims violation of a right to vote on the bodies administering public schools. This case is still pending. The effect of this suit, if any, on PCA is not presently determinable.

C. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The conclusions of this review could result in state funding being adjusted. The results of the fiscal year 2009 review are not yet available; however it is the opinion of management that any such adjustments would not have a material effect on the overall financial position of PCA at June 30, 2009.



Julian & Grube, Inc.
Serving Ohio Local Governments

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

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

We have audited the financial statements of the Pleasant Community Academy, Marion County, Ohio, a component unit of Pleasant Local School District, Marion County, Ohio, as of and for the fiscal year ended June 30, 2009 and have issued our report thereon dated September 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pleasant Community Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pleasant Community Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pleasant Community Academy's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Pleasant Community Academy's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Pleasant Community Academy's financial statements that is more than inconsequential will not be prevented or detected by the Pleasant Community Academy's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Pleasant Community Academy's internal control.

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

Board of Directors
Pleasant Community Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pleasant Community Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Julian & Grube, Inc.
September 30, 2009



Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Pleasant Community Academy
Marion County
1107 Owens Road West
Marion, OH 43302

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on March 20, 2006.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events.
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666.
 - (3) A procedure for reporting prohibited incidents.

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal.
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident.
- (6) A procedure for documenting any prohibited incident that is reported.
- (7) A procedure for responding to and investigating any reported incident.
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report.
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board of Education of the Pleasant Community Academy and is not intended to be and should not be used by anyone other than this specified party.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 30, 2009



Mary Taylor, CPA
Auditor of State

PLEASANT COMMUNITY ACADEMY

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2009**