

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2011**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Pleasant Community Academy, Marion County, prepared by Holbrook & Manter, for the audit period July 1, 2010 through June 30, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 15, 2012

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**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pleasant Community Academy  
Marion County  
Marion, Ohio

We have audited the accompanying financial statements of the Pleasant Community Academy, Marion County, Ohio (the Academy), a component unit of the Pleasant Local School District, Marion County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pleasant Community Academy, Marion County, Ohio, as of June 30, 2011, and the respective changes in its 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 December 20, 2011 on our consideration of the 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

*Shullbrook & Mante*

Certified Public Accountants

December 20, 2011



**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011  
UNAUDITED**

The discussion and analysis of the Pleasant Community Academy's (the Academy) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2011. Readers should also review the basic financial statements and notes to enhance their understanding of the Academy's financial performance.

***FINANCIAL HIGHLIGHTS***

Key financial highlights for 2011 are as follows:

- In total, net assets were \$114,422 at June 30, 2011.
- The Academy had operating revenues of \$339,825 and operating expenses of \$419,003 for fiscal year 2011. The Academy also received \$108 in interest revenue and \$91,339 in federal and state grants during fiscal year 2011. Total change in net assets for the fiscal year was \$12,269.

***USING THE BASIC FINANCIAL STATEMENTS***

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

The statement of net assets and the statement of revenues, expenses, and change in net assets reflect how the Academy did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011  
UNAUDITED**

*USING THE BASIC FINANCIAL STATEMENTS (continued)*

Table 1 below provides a summary of the Academy's net assets for fiscal year 2011 and 2010.

**Table 1  
Net Assets**

|                            | 2011       | 2010       |
|----------------------------|------------|------------|
| <b><u>Assets:</u></b>      |            |            |
| Current Assets             | \$ 113,366 | \$ 64,613  |
| Capital assets, net        | 22,429     | 38,484     |
| Total Assets               | 135,795    | 103,097    |
| <b><u>Liabilities:</u></b> |            |            |
| Current liabilities        | 21,373     | 944        |
| Total liabilities          | 21,373     | 944        |
| <b><u>Net Assets:</u></b>  |            |            |
| Invested in capital assets | 22,429     | 38,484     |
| Unrestricted               | 91,993     | 63,669     |
| Change in net assets       | \$ 114,422 | \$ 102,153 |

Current assets at fiscal year-end consist of cash and cash equivalents, prepaid items, and intergovernmental receivables. Capital assets are comprised of computers and related equipment. There was \$2,995 of capital asset additions in fiscal year 2011 and \$19,050 of depreciation on existing capital assets resulting in an overall increase in net capital assets. The Academy had current liabilities of \$21,373 consisting of accounts and intergovernmental payables at June 30, 2011.

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011  
UNAUDITED**

Table 2 below shows the changes in net assets for the fiscal year 2011 and 2010.

**Table 2  
Change in Net Assets**

|                                       | <u>2011</u>       | <u>2010</u>       |
|---------------------------------------|-------------------|-------------------|
| <b><u>Operating Revenues:</u></b>     |                   |                   |
| Foundation                            | \$ 337,982        | \$ 338,733        |
| Other revenue                         | 1,843             | 0                 |
| <b><u>Non-operating Revenues:</u></b> |                   |                   |
| Federal and state grants              | 91,339            | 73,305            |
| Interest income                       | <u>108</u>        | <u>422</u>        |
| Total revenues                        | <u>431,272</u>    | <u>412,460</u>    |
| <b><u>Operating Expenses:</u></b>     |                   |                   |
| Purchased services                    | 378,717           | 359,773           |
| Materials and supplies                | 16,074            | 2,532             |
| Depreciation                          | 19,050            | 19,011            |
| Other                                 | <u>5,162</u>      | <u>8,669</u>      |
| Total operating revenue               | <u>419,003</u>    | <u>389,985</u>    |
| Increase(decrease) in Net Assets      | 12,269            | 22,475            |
| Net assets at beginning of year       | <u>102,153</u>    | <u>79,678</u>     |
| Change in net assets                  | <u>\$ 114,422</u> | <u>\$ 102,153</u> |

For fiscal year 2011, there was an increase in grant revenue as a result of federal stimulus funding and a federal Small Rural School Achievement Grant. Interest revenue continued to decline in fiscal year 2011 as a result of declining interest rates. Materials and supplies expense increased with the purchase of iPads to enhance the kindergarten learning environment. The Academy reported an overall increase in net assets.

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011  
UNAUDITED**

***BUDGETING***

The Academy is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, however the contract between the Academy and its Sponsor does prescribe a budgetary review.

***CAPITAL ASSETS***

At the end of fiscal year 2011, the Academy had \$22,429 invested in capital assets (net of accumulated depreciation). For further information regarding the Academy's capital assets, refer to Note 6 to the basic financial statements.

***CURRENT ISSUES***

In July, 2007, the Academy 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 the Academy 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, the Academy has been able to purchase new computer equipment and curriculum items for the kindergarten classes over the past seven years.

In August 2010, the Academy and Pleasant Local School District approved a modified sponsorship agreement whereby, effective beginning for the 2010-2011 school year, all kindergarten students are enrolled in the Academy.

***CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT***

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

**BASIC  
FINANCIAL STATEMENTS**

**PLEASANT COMMUNITY ACADEMY**  
**MARION COUNTY, OHIO**  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011

**Assets:-**

Current Assets:-

|                               |              |
|-------------------------------|--------------|
| Cash and cash equivalents     | \$ 89,887    |
| Intergovernmental receivables | 22,479       |
| Prepaid expenses              | <u>1,000</u> |

**Total current assets**

113,366

Non-Current Assets:-

|                     |               |
|---------------------|---------------|
| Capital assets, net | <u>22,429</u> |
|---------------------|---------------|

**Total assets**

135,795

**Liabilities:-**

|                           |               |
|---------------------------|---------------|
| Accounts payable          | 10,165        |
| Intergovernmental payable | <u>11,208</u> |

**Total liabilities**

21,373

**Net Assets:-**

|                            |               |
|----------------------------|---------------|
| Invested in capital assets | 22,429        |
| Unrestricted               | <u>91,993</u> |

**Total net assets**

\$ 114,422

See accompanying Notes to the Basic Financial Statements

**PLEASANT COMMUNITY ACADEMY**  
**MARION COUNTY, OHIO**  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

|  |                   |
|--|-------------------|
| <b>Operating revenues:-</b>            |                   |
| Foundation                             | \$ 337,982        |
| Other revenue                          | 1,843             |
| Total revenue                          | 339,825           |
| <br><b>Operating expenses:-</b>        |                   |
| Purchased services                     | 378,717           |
| Materials and supplies                 | 16,074            |
| Depreciation                           | 19,050            |
| Other operating expenses               | 5,162             |
| Total expenses                         | 419,003           |
| Operating loss                         | ( 79,178)         |
| <br><b>Non-operating revenues:-</b>    |                   |
| Federal and state grants               | 91,339            |
| Interest income                        | 108               |
| Total non-operation revenues           | 91,447            |
| Change in net assets                   | 12,269            |
| <b>Net assets at beginning of year</b> | <b>102,153</b>    |
| <b>Net assets at end of year</b>       | <b>\$ 114,422</b> |

See accompanying Notes to the Basic Financial Statements

**PLEASANT COMMUNITY ACADEMY**  
**MARION COUNTY, OHIO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|  |                            |
|--|----------------------------|
| <b>Cash flows from operating activities:-</b>  |                            |
| Cash received from foundation  | \$ 337,982                 |
| Cash received from other operations  | 1,843                      |
| Cash payments for services   | ( 367,868)                 |
| Cash payments for supplies   | ( 6,494)                   |
| Cash payments for other expenses   | <u>( 5,162)</u>            |
| Net cash used by operating activities  | <u>( 39,699)</u>           |
| <b>Cash flows from non-capital financing activities:-</b>                                  |                            |
| Federal and state grants   | <u>72,725</u>              |
| Net cash used by non-capital financing activities  | <u>72,725</u>              |
| <b>Cash flows from capital and related financing activities:-</b>                          |                            |
| Acquisition of capital assets  | <u>( 2,995)</u>            |
| Net cash used in capital and related financing activities                                  | <u>( 2,995)</u>            |
| <b>Cash flows from investing activities:-</b>  |                            |
| Interest received  | <u>108</u>                 |
| Net cash provided by investing activities  | <u>108</u>                 |
| Net increase in cash and cash equivalents  | 30,139                     |
| <b>Cash and cash equivalents at beginning of year</b>                                      | <u>59,748</u>              |
| <b>Cash and cash equivalents at end of year</b>  | <u><u>\$ 89,887</u></u>    |
| <b>Reconciliation of operating loss to net cash used by operating activities:-</b>         |                            |
| Operating loss   | \$ ( 79,178)               |
| <b>Adjustments to reconcile operating loss to net cash used for operating activities:-</b> |                            |
| Depreciation   | 19,050                     |
| Changes in assets and liabilities:-  |                            |
| Increase in accounts payable   | 9,221                      |
| Increase in intergovernmental payable  | <u>11,208</u>              |
| Net cash used by operating activities  | <u><u>\$ ( 39,699)</u></u> |

See accompanying Notes to the Basic Financial Statements



**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

Pleasant Community Academy (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status. The Academy'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. The Academy, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the school.

The Academy was initially approved for operation under a contract with the Pleasant Local School District (the Sponsor) for a five-year period commencing on the first day of the 2002 academic year. The sponsorship contract has been renewed several times, most recently on August 10, 2011, for a period of four additional years. Pleasant Local School District is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. Pleasant Local School District is also the fiscal agent of the Academy with the Treasurer of Pleasant Local School District performing the role of Treasurer for the Academy.

The Academy operates under the direction of a seven-member Board of Directors made up of the Superintendent, the High School Principal, the Elementary School Principal, and the Middle School Principal of the Pleasant Local School District, and three members from the public. The first public member shall be a public educator or other public official representing a governmental entity that desires to further the establishment and operation of the Academy. The second public member shall be a representative appointed by the Tri-Rivers Educational Computer Association (TRECA). The member appointed by TRECA will eventually be replaced by a person who represents the interests of parents and students served by the Academy. The third public member shall be an at large community member. The Sponsor makes up a majority of the Board and can impose its will on the Academy; therefore, the Academy is a component unit of the Pleasant Local School District. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget; developing policies to guide the operation of the Academy; securing funding; and maintaining a commitment to the vision, mission, and belief statements of the Academy. During fiscal year 2011, the Academy purchased services from TRECA for providing instructional, administrative, and technical services for the Academy.

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989. Following are the more significant of the Academy's accounting policies.

***A. Basis of Presentation***

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

The Academy 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***

The Academy is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Academy are included on the statement of net 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 the Academy finances and meets its cash flow needs.

***C. Basis of Accounting***

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

***D. Budgetary Process***

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

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

***E. Cash and Cash Equivalents***

Cash held by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net 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. Investments with an initial maturity of more than three months are reported as investments.

During fiscal year 2011, the Academy invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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 and Depreciation***

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

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

***H. Net Assets***

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

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

***I. Operating Revenues and Expenses***

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

***J. Estimates***

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

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES:-**

For fiscal year 2011, the Academy has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 59, "Financial Instruments Omnibus."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clear fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implantation of GASB Statement No. 54 did not have an effect on the financial statements of the Academy.

GASB Statement No. 59 updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the Academy.

**NOTE 4 - DEPOSITS AND INVESTMENTS:-**

At fiscal year-end, the Academy's entire bank balance of \$73,351 was FDIC-insured.

|           | <u>Fair Value</u> | <u>Maturity</u> |
|-----------|-------------------|-----------------|
| STAR Ohio | \$ 17,315         | Avg 58.3 days   |

STAR Ohio carries a rating of AAA by Standard and Poor's. The Academy 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 YEAR ENDED JUNE 30, 2011**

**NOTE 5 - RECEIVABLES:-**

At June 30, 2011, the Academy had intergovernmental receivables in the amount of \$22,479. The total is for the Federal Restricted Grant of which is expected to be collected within one year.

**NOTE 6 - CAPITAL ASSETS:-**

A summary of capital assets at fiscal year ended June 30, 2011 was as follows:

|                               | Balance at<br>6/30/2010 | Additions    | Disposals | Balance at<br>6/30/2011 |
|-------------------------------|-------------------------|--------------|-----------|-------------------------|
| Equipment                     | \$ 206,308              | \$ 2,995     | \$ 0      | \$ 209,303              |
| Less accumulated depreciation | ( 167,824)              | ( 19,050)    | 0         | ( 186,874)              |
| Net capital assets            | \$ 38,484               | \$ ( 16,055) | \$ 0      | \$ 22,429               |

**NOTE 7 - RISK MANAGEMENT:-**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, insurance coverage for the Academy was provided through Pleasant Local School District's policy with Ohio Casualty Insurance as follows:

Coverage provided by Ohio Casualty Insurance:

General Liability

Each Occurrence \$1,000,000

Aggregate \$2,000,000

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

**NOTE 8 - FISCAL AGENT:-**

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

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

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

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 9 - SERVICE AGREEMENT:-**

***Tri-Rivers Educational Computer Association***

The Academy entered into a contract on May 17, 2010, with Tri-Rivers Educational Computer Association ("TRECA") for management consulting services for the 2010-2011 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 the Academy's educational plan and the Academy's assessment and accountability plan.
2. All personnel providing services to the Academy 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 the Academy 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. The Academy 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 the Academy.
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, the Academy shall pay to TRECA \$3,875 per full-time student enrolled in the Academy per year. Part-time students may be enrolled on such terms as are agreed to by the parties.

For fiscal year 2011, \$59,959 was paid to TRECA.

To obtain TRECA's June 30, 2011 audited financial statements, contact Scott Armstrong, Treasurer, at [scott@teca.org](mailto:scott@teca.org).

**NOTE 10 - RELATED PARTY TRANSACTIONS:-**

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

In fiscal year 2011, payments made by the Academy to Pleasant Local School District were \$307,862. These represent payments of \$278,531 for kindergarten instructional services and \$29,331 for other support services provided by Pleasant Local School District to the Academy.

Payments made by the Academy to TRECA in fiscal year 2011 were \$59,959. This consists of \$58,744 in student charges and \$1,215 in miscellaneous fees.

**PLEASANT COMMUNITY ACADEMY  
MARION COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 11 - CONTINGENCIES:-**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2011.

**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 the Academy 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 2011 review are not yet available; however it is the opinion of management that any such adjustments would not have a material effect on the overall financial position of the Academy at June 30, 2011.

**NOTE 12 - SUBSEQUENT EVENTS:-**

Management has evaluated subsequent events through December 20, 2011, the date which financial statements were available to be issued.



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

Board of Directors  
Pleasant Community Academy  
Marion County  
Marion, Ohio

We have audited the basic financial statements of the Pleasant Community Academy, Marion County, Ohio (the Academy), a component unit of the Pleasant Local School District, Marion County, Ohio, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 20, 2011. 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 Academy's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Pleasant Community Academy's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of Pleasant Community Academy's financial statements will not be prevented, or detected and timely corrected.

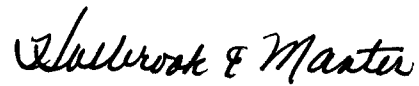
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any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



### Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Directors of Pleasant Community Academy, the community school's sponsor, and others within Pleasant Community Academy. We intend it for no one other than these specified parties.



Certified Public Accountants

December 20, 2011



**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURE**

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

To the Board of Directors:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on April 26, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

*Holbrook & Manter*

Certified Public Accountants

December 20, 2011



# Dave Yost • 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  
MARCH 27, 2012**