

**Pleasant Valley Community School District
Bettendorf, Iowa**

Financial Report
Year Ended June 30, 2012



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Pleasant Valley Community School District

Officials

Year Ended June 30, 2012

Name	Title	Term Expires
Board of Education		
Deborah Dayman	President	2015
Heather Witters	Vice President	2013
Scott Isbell	Board Member	2015
Joe Bullock	Board Member	2015
Amy Richmond	Board Member	2015
Frank Dohmen	Board Member	2013
John Archer	Board Member	2013
School Officials		
Dr. James R. Spelhaug	Superintendent	2014
Brian Strusz	Assistant Superintendent	2012
Mike Clingingsmith	Chief Financial Officer	2013
Christine Harvey	District Secretary	2012
Joyce E. Bauwens	District Treasurer	2012
Lane & Waterman	Attorney	Indefinite

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Independent Auditor's Report

To the Board of Education
Pleasant Valley Community School District
Bettendorf, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Pleasant Valley Community School District, Bettendorf, Iowa as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. 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 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, business-type activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley Community School District as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof 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 February 21, 2013 on our consideration of the Pleasant Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress for the Retiree Health Plan on pages 3 through 16 and 45 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasant Valley Community School District's basic financial statements. The combining nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, and the accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular , *Audits of States, Local Governments and Nonprofit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The District's financial statements for the years ended June 30, 2004 through 2010, which are not presented in the accompanying financial statements, were audited by other auditors, whose report thereon dated December 21, 2010, expressed unqualified opinions on the financial statements. Their report on the Schedule of Revenues by Source and Expenditures by Function for the years ended June 30, 2004 through 2010 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2004 through 2010 taken as a whole.

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
February 21, 2013

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

Pleasant Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

2011-12 FINANCIAL HIGHLIGHTS

- Construction was substantially completed during the 2010-11 fiscal year on the District's new elementary school (Hopewell Elementary School). The school was originally scheduled to open at the start of the 2010-11 school year; however, due to the state's ten percent across the board budget cut during the 2009-10 fiscal year, the District made the difficult decision to delay the opening of the school by one year. Classes began at the new school in August of the 2011-12 school year.
- Building construction and renovations were occurring at several locations in the district during the 2011-12 fiscal year. Major projects included:
 - A renovation of the Pleasant Valley High School stadium was completed during 2011-12.
 - A classroom addition and renovation of Pleasant Valley High School began in the spring of 2012.
 - A renovation of the Pleasant Valley High School kitchen was substantially completed during the year.
 - A classroom addition at Pleasant Valley Junior High School was being worked on during the entire 2011-12 fiscal year.
 - A classroom addition at Hopewell Elementary School began in the spring of 2012.
- The district purchased land on Forest Grove Rd. in Bettendorf, Iowa during 2011-12 for the intended purpose of building the district's next elementary school on that land. When that school will be built depends on the rate of future enrollment growth in the District.
- Interest rates continued to remain low during the 2011-12 fiscal year. Interest earnings have decreased from \$322,983 during the 2007-08 fiscal year to only \$92,152 during the 2011-12 fiscal year.
- The spendable portion of the General Fund balance which is not restricted increased from \$1,900,963 as of June 30, 2011 to \$2,769,499 as of June 30, 2012. General Fund revenues increased from the previous year by 7.7 percent, while expenses increased by 8.5 percent.
- The District's 2011-12 certified enrollment (resident headcount) increased by 175.7 students over the 2010-11 certified enrollment. The District's certified enrollment as of October 1, 2011 was 3,959.9 students. A District's certified enrollment is used in determining funding through the state foundation formula in the fiscal year immediately after the fiscal year when the certified enrollment count is taken.
- The District expended a total of \$802,694 in ARRA (American Reinvestment and Recovery Act) economic stimulus funds from the Federal Government during the 2011-12 fiscal year.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

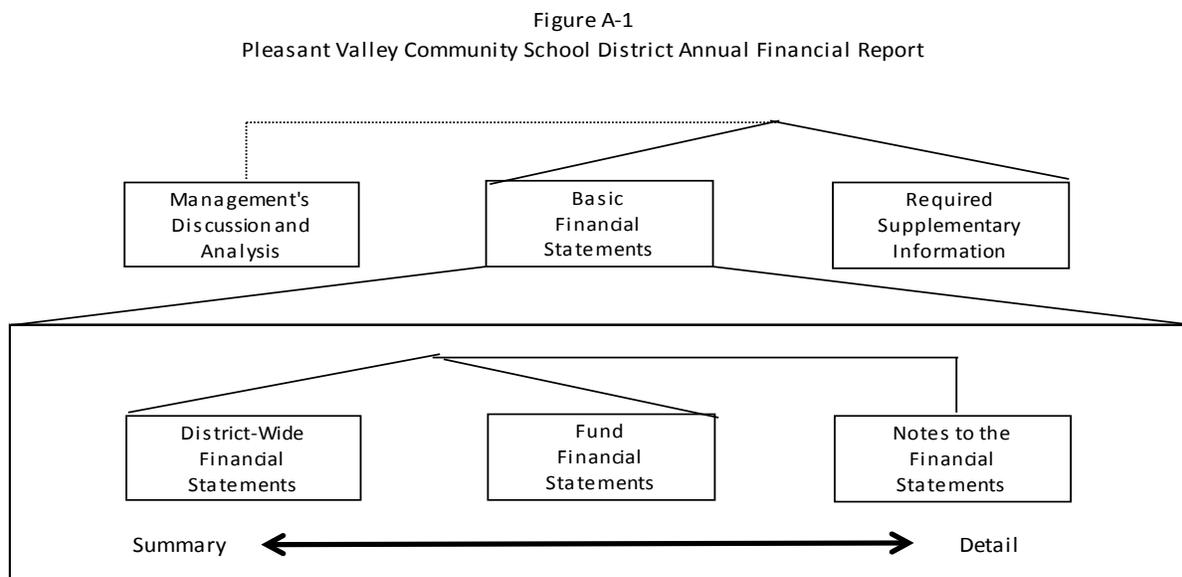
- The 2011-12 fiscal year was the first since 2007-08 that the state did not reduce funding to the school district. The allowable growth percentage for 2011-12 was set at 0%.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Pleasant Valley Community School District as a whole and present an overall view of the District's finances.
- The fund financial statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Pleasant Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Pleasant Valley Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.
- Other supplementary information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefitting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.



Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2012**

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
Government-Wide Statements		Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: school nutrition and internal service fund	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, reunion moneys and funds for District employee purchases of pop, etc.
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall health, additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

Business-type activities: The District charges fees to help it cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between the two statements. The District's major governmental funds for 2011-12 were the General Fund and the Capital Projects Fund. The nonmajor governmental funds include two

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

Special Revenue Funds (the Management Fund and Student Activities Fund) and the Debt Service Fund. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

1. **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District uses internal service funds, the other kind of proprietary fund, to report activities that provide supplies and services for other District programs and activities. The District currently has one internal service fund, which is used to account for the District's self-funded health and dental insurance plans.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 2) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. This fund type includes Agency Funds.

Agency Funds: These are funds for which the District faculty accounts for certain revenue collected for District employee purchases of pop, funeral flowers, etc. and related expenditures and for revenues and expenditures of other various club accounts.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds of the District include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2012**

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District’s net assets as of June 30, 2012 compared to June 30, 2011.

Figure A-3 Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2011-12
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	
Current and other assets	\$ 28,060,624	\$ 29,827,863	\$ 481,669	\$ 348,796	\$ 28,542,293	\$ 30,176,659	5.7%
Capital assets	35,416,366	40,638,488	556,585	823,880	35,972,951	41,462,368	15.3%
Total assets	63,476,990	70,466,351	1,038,254	1,172,676	64,515,244	71,639,027	11.0%
Long-term liabilities	1,585,379	2,907,230	2,018	3,193	1,587,397	2,910,423	83.3%
Other liabilities	20,623,705	22,583,662	32,240	40,252	20,655,945	22,623,914	9.5%
Total liabilities	22,209,084	25,490,892	34,258	43,445	22,243,342	25,534,337	14.8%
Net assets:							
Invested in capital assets, net							
of related debt	35,416,366	39,438,488	556,585	823,880	35,972,951	40,262,368	11.9%
Restricted	2,589,500	2,059,359	20,500	18,333	2,610,000	2,077,692	-20.4%
Unrestricted	3,262,040	3,477,612	426,911	287,018	3,688,951	3,764,630	2.1%
Total net assets	\$ 41,267,906	\$ 44,975,459	\$ 1,003,996	\$ 1,129,231	\$ 42,271,902	\$ 46,104,690	9.1%

The District’s combined net assets as of June 30, 2012 grew by \$3,832,788 (9.1 percent) over the June 30, 2011 combined net assets. Net assets in the governmental activities grew by \$3,707,553 (9.0 percent). The net assets of the District’s business-type activities grew by \$125,235 (12.5 percent).

The major factors for the increase in net assets of the District were the construction of Hopewell Elementary School, the High School stadium renovation and the purchase of land which represents significant additional assets for the District.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets decreased by \$532,308 (20.4 percent) primarily due to the expenditure of the funds restricted for school infrastructure.

Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) increased by \$75,679 (2.1 percent).

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2012**

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4 Changes in Net Assets From Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2011-12
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	
Revenues:							
Program revenues:							
Charges for services	\$ 2,939,141	\$ 2,996,772	\$ 1,026,912	\$ 1,147,332	\$ 3,966,053	\$ 4,144,104	4.5%
Operating grants and contributions	5,061,403	5,471,355	351,094	360,182	5,412,497	5,831,537	7.7%
Capital grants and contributions	829,521	-	-	249,500	829,521	249,500	-69.9%
General revenues:							
Property taxes	14,572,030	15,315,457	-	-	14,572,030	15,315,457	5.1%
State foundation aid	12,638,289	14,533,843	-	-	12,638,289	14,533,843	15.0%
Statewide sales and services tax	3,024,239	3,192,316	-	-	3,024,239	3,192,316	5.6%
Other	1,013,633	1,054,553	3,925	3,022	1,017,558	1,057,575	3.9%
Total revenues	40,078,256	42,564,296	1,381,931	1,760,036	41,460,187	44,324,332	6.9%
Expenses:							
Instruction	23,554,459	25,609,104	-	-	23,554,459	25,609,104	8.7%
Support services	9,240,420	10,374,918	65,723	77,888	9,306,143	10,452,806	12.3%
Noninstructional programs	31,633	24,476	1,278,738	1,457,413	1,310,371	1,481,889	13.1%
Other	3,045,194	2,947,745	-	-	3,045,194	2,947,745	-3.2%
Total expenses	35,871,706	38,956,243	1,344,461	1,535,301	37,216,167	40,491,544	8.8%
Change in net assets before transfers	4,206,550	3,608,053	37,470	224,735	4,244,020	3,832,788	-9.7%
Transfers	5,685	99,500	(5,685)	(99,500)			
Increase (decrease) in net assets	\$ 4,212,235	\$ 3,707,553	\$ 31,785	\$ 125,235	\$ 4,244,020	\$ 3,832,788	-9.7%

In 2011-12, local taxes (property taxes and statewide sales and services tax) and state foundation aid accounted for 77.6 percent of the revenue from governmental activities while charges for services and grants and contributions accounted for 99.8 percent of the revenue from business-type activities.

The District’s expenses primarily relate to instructional and support services which account for 92.4 percent of the total expenses.

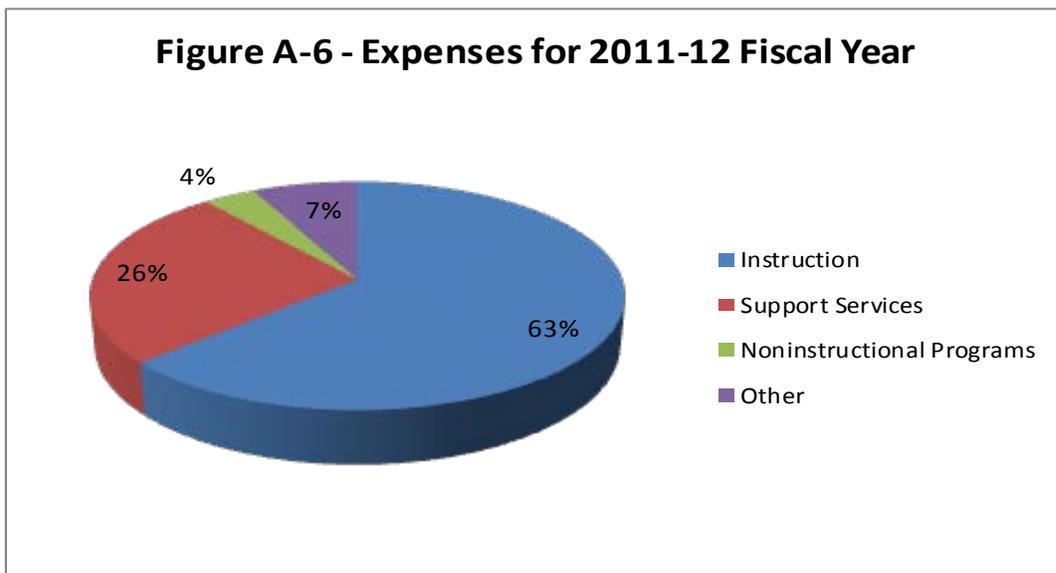
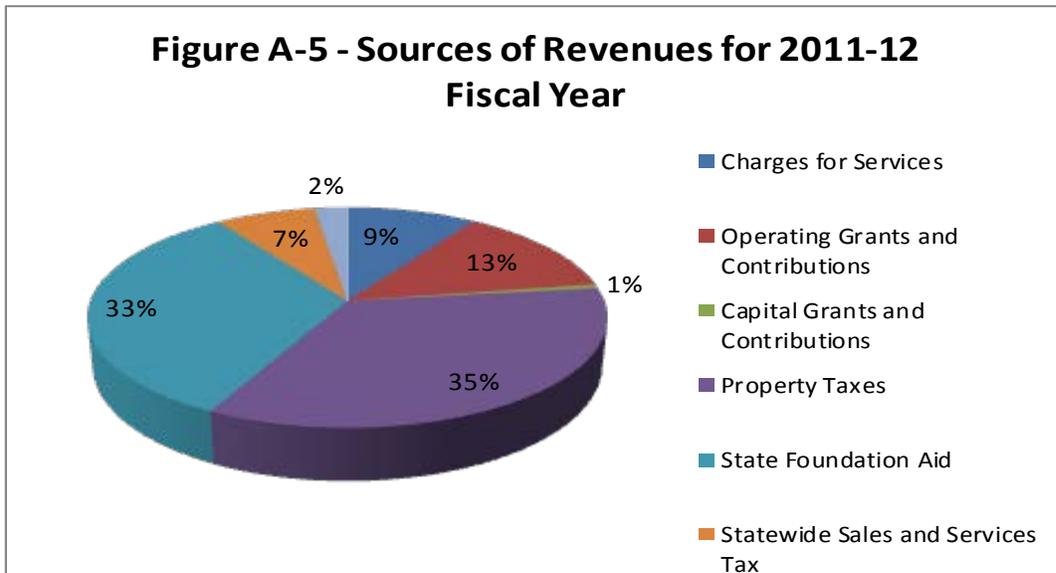
Total revenue for the District increased by \$2,864,145 (6.9 percent) in the fiscal year ended June 30, 2012. The most significant revenue category changes were due to an increase in state foundation aid and a decrease in capital grants and contributions. Capital grants and contributions decreased by \$580,021 primarily due to a contribution in the prior year for the high school football field turf. State foundation aid increased \$1,895,554 (15.0 percent) primarily due to increased enrollment.

Total District expenses increased by \$3,275,377 (8.8 percent), which was mainly attributable to an increase in expenses for instruction and support services and an increase in expenses for the food service program.

Pleasant Valley Community School District

Management's Discussion and Analysis
Year Ended June 30, 2012

Figures A-5 and A-6, which follow, show charts reflecting sources of revenue and distribution of expenses for the 2011-12 fiscal year.



Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2012**

Governmental Activities

Revenue for the District’s governmental activities in 2011-12 increased by \$2,486,040 (6.2 percent) from the previous year, while total expenses increased by \$3,084,537 (8.6 percent). Governmental activities net assets as of June 30, 2012 increased by \$3,707,553 (9.0 percent) over the June 30, 2011 balance.

Figure A-7 presents the total and net cost of the District’s four major governmental activities: instruction, support services, noninstructional programs and other expenses, for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-7 Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	June 30, 2011	June 30, 2012	Change	June 30, 2011	June 30, 2012	Change
Instruction	\$ 23,554,459	\$ 25,609,104	8.72%	\$ 19,342,081	\$ 20,887,578	8.0%
Support services	9,240,420	10,374,918	12.28%	6,878,881	8,008,378	16.4%
Noninstructional	31,633	24,476	-22.63%	31,633	24,476	-22.6%
Other	3,045,194	2,947,745	-3.20%	789,046	1,567,684	98.7%
Total	\$ 35,871,706	\$ 38,956,243	8.60%	\$ 27,041,641	\$ 30,488,116	12.7%

For the year ended June 30, 2012:

- The cost financed by the users of the District’s programs was \$2,996,772.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$5,471,355.
- The net cost of governmental activities was financed with \$15,315,457 in property taxes, \$14,533,843 of unrestricted state grants, \$3,192,316 in statewide sales and services tax revenue, \$690,774 in other taxes, \$89,130 in investment earnings and \$274,649 in miscellaneous revenues.

For the year ended June 30, 2011:

- The cost financed by the users of the District’s programs was \$2,939,141.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$5,061,403.
- The net cost of governmental activities was financed with \$14,572,030 in property taxes, \$12,638,289 of unrestricted state grants, \$3,024,239 in statewide sales and services tax revenue, \$650,915 in other taxes, \$53,944 in investment earnings and \$308,774 in miscellaneous revenues.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

Business-Type Activities

The District's business-type activities include the School Nutrition Fund. Revenues of the District's business-type activities in 2011-12 were \$1,760,036; an increase of \$378,105 (27.4 percent) from 2010-11. The increase is mainly attributable to contributions of capital assets of \$249,500 of food service equipment. Other revenues of these activities were comprised of charges for service, federal and state reimbursements, and interest. Expenses were \$1,535,301; an increase of \$190,840 (14.2 percent) from 2010-11 primarily due to the cost of food service operations in the current year.

Individual Fund Analysis

As previously noted, the Pleasant Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,914,753, which reflects a decrease (\$32,096) from last year's ending fund balances of \$4,946,849. The primary reason for the decrease in combined fund balances at the end of the 2011-12 fiscal year is due to expenditures for capital projects offset by proceeds from capital loan notes issued.

Governmental Fund Highlights

- The fund balance in the District's General Fund increased by \$839,474 from \$2,349,797 as of June 30, 2011 to \$3,189,271 as of June 30, 2012. The General Fund experienced an increase in local taxes of \$238,826 due to increased assessed value of property in the District, an increase in state sources of \$1,858,804 primarily due to increased enrollment and an increase in federal sources of \$463,786 due to an increase in ARRA funds received in the current year for the Education Jobs Bill.
- The fund balance in the Capital Projects Fund decreased by \$931,389. The statewide sale, service and use tax generated \$298,419 more in revenue in 2011-12 than in the previous fiscal year. Local tax generated from the physical plant and equipment levy was \$1,896,509 compared to the prior year \$1,448,716 which represents a \$447,793 increase from the 2010-11. Total expenditures were \$7,621,675 in 2011-12 compared to \$4,890,969 in 2010-11. In the current year, major expenditures included the continuation of the Hopewell Elementary School construction, High School Stadium renovations and a purchase of land. The Capital Projects Fund also had proceeds from Capital loan notes issued of \$2,250,000.
- The fund balance in the Student Activities Fund increased by \$2,576 during the fiscal year due to the variance of student activities from year-to-year.
- The fund balance in the Management Fund increased by \$57,243 during 2011-12.
- The District had a Debt Service Fund in the current year to account for payment of principal and interest of \$1,051,542 on the Capital loan notes issued in the current year for the Capital Projects Fund.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

Proprietary Fund Highlights

The District's proprietary funds were stable during the year.

- The net assets of the Nutrition Fund increased by \$125,235 (12.5 percent) during 2011-12 primarily due to a capital contribution of \$249,500 for nutrition equipment.
- The net assets of the Internal Service Fund decreased by \$175,280 (7.5 percent) during 2011-12. This was mainly due to an increase in claims experienced in the current year for health and dental insurance.

Budgetary Highlights

A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except blended component units, internal service funds, permanent funds and agency funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District uses the GAAP (Generally Accepted Accounting Principles) method of accounting for budgeting purposes. Over the course of the year, the District amended its certified budget one time.

Pleasant Valley Community School District's normal practice is to amend the certified budget one time during each fiscal year. Iowa law requires that actual spending in each functional area of the budget does not exceed the amount budgeted to be spent in that functional area at any time during the fiscal year. The District's practice is to amend the budget each year prior to expenses going over budget in any of the functional areas. The District's practice is also to amend the budget to reflect the entire fund balances in each of the various budgeted funds being spent down to a zero balance at the end of the fiscal year. This is the most significant reason for the amended budget showing \$6,204,276 more in expenditures than the original certified budget for the 2011-12 fiscal year. The other main reasons for the differences between the original budget and the amended budget are:

- The budget is amended to reflect additional allowed expenditures due to receipt of grant money and other miscellaneous income during the year that was not possible to predict when the certified budget was adopted.

It should also be noted that school districts have two levels of budgetary control. One form of budgetary control exists through the certified budget, which includes all funds of the District as noted above. This budget is certified with the County Auditor and the Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority.

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2012**

The other level of budgetary control is the unspent (maximum) authorized budget and pertains only to the General Fund of the District. The maximum authorized budget is the total spending authority in the General Fund of the District. The unspent balance is a budgetary concept and does not mean the actual General Fund cash. It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the District.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2011-12 fiscal year, the District had invested \$41,462,367 (net of accumulated depreciation of \$29,521,210) in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices. (See Figure A-8). This amount represents a net increase of \$5,489,416 or 15.3 percent from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$1,858,223.

Figure A-8 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2011-12
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	
Land	\$ 591,160	\$ 1,172,030	\$ -	\$ -	\$ 591,160	\$ 1,172,030	98.3%
Buildings	20,932,463	30,483,409	-	-	20,932,463	30,483,409	45.6%
Improvements other than buildings	1,774,097	3,554,884	-	-	1,774,097	3,554,884	100.4%
Furniture and equipment	803,090	1,206,591	556,585	823,880	1,359,675	2,030,471	49.3%
Construction in progress	11,315,556	4,221,574	-	-	11,315,556	4,221,574	-62.7%
Total	\$ 35,416,366	\$ 40,638,488	\$ 556,585	\$ 823,880	\$ 35,972,951	\$ 41,462,368	15.3%

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2012**

Long-Term Liabilities

As of June 30, 2012, the District had \$1,200,000 in capital loan notes, \$327,300 in early retirement liabilities, \$767,872 in total compensated absence liabilities and \$615,251 in net OPEB liability for total outstanding long-term obligations of \$1,710,423 as reflected in Figure A-9 below.

Figure A-9 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2011-12
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	
Capital loan notes	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 1,200,000	100.0%
Early retirement	349,350	327,300	-	-	349,350	327,300	-6.3%
Compensated absences	797,995	767,872	-	-	797,995	767,872	-3.8%
Net OPEB liability	438,034	612,058	2,018	3,193	440,052	615,251	39.8%
Total	\$ 1,585,379	\$ 1,707,230	\$ 2,018	\$ 3,193	\$ 1,587,397	\$ 1,710,423	7.8%

As of June 30, 2011, the District had \$349,350 in early retirement long-term liabilities with \$242,388 due within one year and \$797,995 in total compensated absence liabilities with \$256,161 due within one year. The District had a net OPEB liability payable of \$440,052 as of June 30, 2011.

Payments of early retirement benefits usually come out of the District’s Management Fund. Payments of compensated absences are primarily made from the District’s General Fund.

In the current year, the District issued a \$4,500,000 General Obligation School Capital Loan Note to help fund capital projects of the District. The Notes are payable solely from the revenues of the voter-approved Physical Plant and Equipment Levy. In the current fiscal year, \$2,250,000 was drawn on the note. \$1,050,000 was paid down on the Note during the fiscal year.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District continued to have significant growth in the 2012-13 fiscal year. The District's Certified Enrollment for the 2012-13 fiscal year (taken on October 1, 2012) showed an increase of 270.1 students. The continuing growth will likely cause the District to make modifications to its Five Year Capital Projects Plan to increase the number of building additions and renovations in the next several years.
- The Iowa Legislature set the allowable growth rate for the 2012-13 fiscal year at 2%. The Iowa Legislature has not yet set the allowable growth rate for the 2013-14 or 2014-15 fiscal years.
- Effective July 1, 2012, an increase in the employees' and employers' share of the Iowa Public Employees Retirement System (IPERS) contributions went into effect. The employees' share increased by 0.40 percent and the employers' share increased by 0.60 percent. Effective July 1, 2013, another increase in the employees' and employers' share of IPERS contributions will go into effect. The employees' share will be increased by 0.17 percent and the employers' share will be increased by 0.26 percent. The increases in the employers' share of IPERS will negatively impact the budget.
- Plans are being developed for the reduction of Federal Funds pursuant to the Sequestration Order and a reduction of 8 – 15% of Federal Funds received.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mike Clingingsmith, Chief Financial officer, Pleasant Valley Community School District, 525 Belmont Rd., Bettendorf, Iowa 52722.

Pleasant Valley Community School District

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 11,544,161	\$ 316,817	\$ 11,860,978
Receivables:			
Property tax:			
Current year	75,515	-	75,515
Succeeding year	15,620,000	-	15,620,000
Accounts	455,136	1,521	456,657
Due from other governments	2,047,156	-	2,047,156
Inventories	-	30,458	30,458
Prepaid expenses	85,895	-	85,895
Capital assets:			
Nondepreciable	5,393,604	-	5,393,604
Depreciable, net	35,244,884	823,880	36,068,764
Total assets	70,466,351	1,172,676	71,639,027
Liabilities			
Accounts payable	1,026,491	2,030	1,028,521
Salaries and benefits payable	3,468,307	-	3,468,307
Due to other governments	1,160,732	-	1,160,732
Claims incurred but not reported	487,047	-	487,047
Unearned revenue:			
Succeeding year property tax	15,620,000	-	15,620,000
Other	821,085	38,222	859,307
Long-term liabilities:			
Portion due within one year:			
Early retirement	217,130	-	217,130
Compensated absences	283,929	-	283,929
Capital loan note	1,200,000	-	1,200,000
Portion due after one year:			
Early retirement	110,170	-	110,170
Compensated absences	483,943	-	483,943
Net OPEB liability	612,058	3,193	615,251
Total liabilities	25,490,892	43,445	25,534,337
Net Assets			
Invested in capital assets, net of related debt	39,438,488	823,880	40,262,368
Restricted for:			
Categorical funding	339,158	-	339,158
Management levy	1,032,814	-	1,032,814
Physical plant and equipment levy	18,087	-	18,087
Other special revenue purposes	519,372	-	519,372
School infrastructure	149,928	-	149,928
Other	-	18,333	18,333
Unrestricted	3,477,612	287,018	3,764,630
Total net assets	\$ 44,975,459	\$ 1,129,231	\$ 46,104,690

See Notes to Financial Statements.

Pleasant Valley Community School District

**Statement of Activities
Year Ended June 30, 2012**

Functions/Programs	Expenses
Governmental activities:	
Instruction:	
Regular instruction	\$ 18,857,785
Special instruction	3,375,620
Other	3,375,699
	<u>25,609,104</u>
Support services:	
Student services	1,141,984
Instructional staff services	1,704,451
Administration services	3,670,053
Operation and maintenance of plant services	2,495,867
Transportation services	1,362,563
	<u>10,374,918</u>
Noninstructional programs	<u>24,476</u>
Other expenditures:	
AEA flowthrough	1,380,061
Depreciation (unallocated) *	1,567,684
	<u>2,947,745</u>
Total governmental activities	<u>38,956,243</u>
Business-type activities:	
Support services:	
Administration services	30,397
Operation and maintenance of plant services	47,491
	<u>77,888</u>
Noninstructional programs, food service operations	<u>1,457,413</u>
Total business-type activities	<u>1,535,301</u>
Total	<u>\$ 40,491,544</u>
General revenues:	
Property tax levied for:	
General purposes	
Capital outlay	
Statewide sales and services tax	
Other taxes	
Unrestricted state grants	
Unrestricted investment earnings	
Other	
Total general revenues	
Transfers	
Total general revenues and transfers	
Change in net assets	
Net assets, beginning of year	
Net assets, end of year	

* This amount excludes the depreciation included in the direct expenses of the various programs.

See Notes to Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 2,267,346	\$ 373,731	\$ -	\$ (16,216,708)	\$ -	\$ (16,216,708)
6,216	1,336,500	-	(2,032,904)	-	(2,032,904)
703,029	34,704	-	(2,637,966)	-	(2,637,966)
2,976,591	1,744,935	-	(20,887,578)	-	(20,887,578)
-	-	-	(1,141,984)	-	(1,141,984)
-	2,320,158	-	615,707	-	615,707
-	-	-	(3,670,053)	-	(3,670,053)
20,181	-	-	(2,475,686)	-	(2,475,686)
-	26,201	-	(1,336,362)	-	(1,336,362)
20,181	2,346,359	-	(8,008,378)	-	(8,008,378)
-	-	-	(24,476)	-	(24,476)
-	1,380,061	-	-	-	-
-	-	-	(1,567,684)	-	(1,567,684)
-	1,380,061	-	(1,567,684)	-	(1,567,684)
2,996,772	5,471,355	-	(30,488,116)	-	(30,488,116)
-	-	-	-	(30,397)	(30,397)
-	-	249,500	-	202,009	202,009
-	-	249,500	-	171,612	171,612
1,147,332	360,182	-	-	50,101	50,101
1,147,332	360,182	249,500	-	221,713	221,713
\$ 4,144,104	\$ 5,831,537	\$ 249,500	(30,488,116)	221,713	(30,266,403)
			13,418,948	-	13,418,948
			1,896,509	-	1,896,509
			3,192,316	-	3,192,316
			690,774	-	690,774
			14,533,843	-	14,533,843
			89,130	3,022	92,152
			274,649	-	274,649
			34,096,169	3,022	34,099,191
			99,500	(99,500)	-
			34,195,669	(96,478)	34,099,191
			3,707,553	125,235	3,832,788
			41,267,906	1,003,996	42,271,902
\$	\$	\$	44,975,459	\$ 1,129,231	\$ 46,104,690

Pleasant Valley Community School District

Balance Sheet
Governmental Funds
June 30, 2012

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 7,166,616	\$ 429,442	\$ 1,672,045	\$ 9,268,103
Receivables:				
Property tax:				
Current year	63,205	9,614	2,696	75,515
Succeeding year	13,130,000	1,930,000	560,000	15,620,000
Accounts	19,951	52,885	472	73,308
Due from other governments	902,394	1,144,762	-	2,047,156
Prepaid items	80,614	-	5,281	85,895
Total assets	\$ 21,362,780	\$ 3,566,703	\$ 2,240,494	\$ 27,169,977
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 172,515	\$ 821,861	\$ 31,066	\$ 1,025,442
Salaries and benefits payable	3,468,307	-	-	3,468,307
Due to other governments	1,151,456	6,827	2,449	1,160,732
Deferred revenue:				
Succeeding year property tax	13,130,000	1,930,000	560,000	15,620,000
Other	251,231	640,000	89,512	980,743
Total liabilities	18,173,509	3,398,688	683,027	22,255,224
Fund balances:				
Nonspendable	80,614	-	5,281	85,895
Restricted for:				
Categorical funding	339,158	-	-	339,158
Management levy	-	-	1,032,814	1,032,814
Physical plant and equipment levy	-	18,087	-	18,087
Student activity purposes	-	-	519,372	519,372
School infrastructure	-	149,928	-	149,928
Assigned	1,084,957	-	-	1,084,957
Unassigned	1,684,542	-	-	1,684,542
Total fund balances	3,189,271	168,015	1,557,467	4,914,753
Total liabilities and fund balances	\$ 21,362,780	\$ 3,566,703	\$ 2,240,494	\$ 27,169,977

See Notes to Financial Statements.

Pleasant Valley Community School District

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets
June 30, 2012

Total fund balances of governmental funds \$ 4,914,753

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 40,638,488

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds 159,658

The Internal Service Fund is used to charge costs of the District's self-funded insurance plan to the governmental funds. The net assets of the Internal Service Fund are therefore included under governmental activities. 2,169,790

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Capital loan notes (1,200,000)

Early retirement (327,300)

Compensated absences (767,872)

Net OPEB liability (612,058)

Net assets of governmental activities \$ 44,975,459

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2012

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 13,457,364	\$ 5,152,439	\$ 574,087	\$ 19,183,890
Tuition	1,996,345	-	-	1,996,345
Other	534,802	224,568	772,052	1,531,422
State sources	18,485,886	896	274	18,487,056
Federal sources	1,336,500	14,425	-	1,350,925
Total revenues	35,810,897	5,392,328	1,346,413	42,549,638
Expenditures:				
Current:				
Instruction	24,098,689	185,679	987,184	25,271,552
Support services:				
Student services	1,139,409	-	2,575	1,141,984
Instructional staff services	1,450,944	219,893	33,615	1,704,452
Administration services	3,359,335	126,112	10,843	3,496,290
Operation and maintenance of plant services	2,186,345	163,852	224,993	2,575,190
Transportation services	1,359,579	-	2,984	1,362,563
	9,495,612	509,857	275,010	10,280,479
Noninstructional programs	76	-	24,400	24,476
Other expenditures:				
Facilities acquisition	-	6,914,507	-	6,914,507
AEA flowthrough	1,380,061	-	-	1,380,061
	1,380,061	6,914,507	-	8,294,568
Debt Service				
Principal	-	-	1,050,000	1,050,000
Interest	-	11,632	1,542	13,174
	-	11,632	1,051,542	1,063,174
Total expenditures	34,974,438	7,621,675	2,338,136	44,934,249
Excess (deficiency) of revenues under (over) expenditures	836,459	(2,229,347)	(991,723)	(2,384,611)
Other financing sources (uses):				
Capital loan notes issued	-	2,250,000	-	2,250,000
Proceeds from sale of capital assets	3,015	-	-	3,015
Interfund transfers in	-	99,500	1,051,542	1,151,042
Interfund transfers out	-	(1,051,542)	-	(1,051,542)
Total other financing sources (uses)	3,015	1,297,958	1,051,542	2,352,515
Net change in fund balance	839,474	(931,389)	59,819	(32,096)
Fund balances, beginning of year	2,349,797	1,099,404	1,497,648	4,946,849
Fund balances, end of year	\$ 3,189,271	\$ 168,015	\$ 1,557,467	\$ 4,914,753

See Notes to Financial Statements.

Pleasant Valley Community School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2012**

Net change in fund balances - total governmental funds \$ (32,096)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 7,041,044	
Depreciation expense	(1,799,867)	
Proceeds from sale of capital assets	(3,015)	
Loss on disposal of capital asset	<u>(16,040)</u>	5,222,122

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenues 14,658

The decrease in net assets of the Internal Service Fund represents an undercharge to the governmental funds and is incorporated into the change in net assets of governmental activities. (175,280)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. The issuance of debt increases liabilities in the Statement of Net Assets, while the repayment of long-term debt reduces long-term liabilities. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Issuance of capital loan notes	(2,250,000)	
Repayment of principal on capital loan notes	<u>1,050,000</u>	(1,200,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	22,050	
Compensated absences	30,123	
Net OPEB liability	<u>(174,024)</u>	(121,851)

Change in net assets of governmental activities \$ 3,707,553

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Net Assets

Proprietary Funds

June 30, 2012

	Enterprise Fund	
	School Nutrition	Internal Service Fund
Assets		
Cash and cash equivalents	\$ 316,817	\$ 2,276,058
Accounts receivable	1,521	381,828
Inventories	30,458	-
Capital assets, net of accumulated depreciation	823,880	-
Total assets	1,172,676	2,657,886
Liabilities		
Accounts payable	2,030	1,049
Claims incurred but not reported	-	487,047
Unearned revenue, other	38,222	-
Net OPEB liability	3,193	-
Total liabilities	43,445	488,096
Net Assets		
Invested in capital assets	823,880	-
Restricted	18,333	-
Unrestricted	287,018	2,169,790
Total net assets	\$ 1,129,231	\$ 2,169,790

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

Year Ended June 30, 2012

	Enterprise Fund	
	School Nutrition	Internal Service Fund
Operating revenues:		
Local sources, charges for services	\$ 1,147,332	\$ 3,055,865
Operating expenses:		
Support services:		
Salaries	34,726	-
Benefits	5,071	3,231,145
Purchased services	16,174	-
Supplies	21,497	-
Other	420	-
	<u>77,888</u>	<u>3,231,145</u>
Noninstructional programs:		
Salaries	427,437	-
Benefits	96,954	-
Purchased services	549	-
Supplies	870,417	-
Depreciation	58,356	-
Other	2,500	-
	<u>1,456,213</u>	<u>-</u>
Total operating expenses	<u>1,534,101</u>	<u>3,231,145</u>
Operating (loss)	<u>(386,769)</u>	<u>(175,280)</u>
Nonoperating revenues (expenses):		
Loss on disposal of capital assets	(1,200)	-
Interest on investments	3,022	-
State sources	11,632	-
Federal sources	348,550	-
Total nonoperating revenues	<u>362,004</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(24,765)</u>	<u>(175,280)</u>
Capital contributions	249,500	-
Transfers out	(99,500)	-
Change in net assets	<u>125,235</u>	<u>(175,280)</u>
Net assets, beginning of year	1,003,996	2,345,070
Net assets, end of year	<u>\$ 1,129,231</u>	<u>\$ 2,169,790</u>

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2012

	<u>Enterprise Fund</u>	
	School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,147,955	\$ -
Cash received from miscellaneous operating activities	-	3,035,950
Cash payments to employees for services	(557,685)	-
Cash payments to suppliers for goods or services	(820,055)	(2,896,338)
Net cash provided by (used in) operating activities	<u>(229,785)</u>	<u>139,612</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	(99,500)	-
State grants received	11,632	-
Federal grants received	256,639	-
Net cash provided by noncapital financing activities	<u>168,771</u>	<u>-</u>
Cash flows from capital related financing, purchase of capital assets	<u>(77,351)</u>	<u>-</u>
Cash flows from investing activities, interest on investments	<u>3,022</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	(135,343)	139,612
Cash and cash equivalents, beginning of year	452,160	2,136,446
Cash and cash equivalents, end of year	<u>\$ 316,817</u>	<u>\$ 2,276,058</u>
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:		
Operating (loss)	\$ (386,769)	\$ (175,280)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:		
Depreciation	58,356	-
Commodities used	91,911	-
(Increase) in accounts receivable	(552)	(19,915)
(Increase) in inventories	(1,918)	-
Increase in accounts payable	1,509	1,049
Increase in net OPEB liability	6,503	-
Increase in claims incurred but not reported	-	333,758
Increase in deferred revenue	1,175	-
Net cash provided by (used in) operating activities	<u>\$ (229,785)</u>	<u>\$ 139,612</u>
Schedule of noncash items:		
Noncapital financing activities, federal commodities	<u>\$ 91,911</u>	<u>\$ -</u>
Capital and related financing activities, capital assets contributed	<u>\$ 249,500</u>	<u>\$ -</u>

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Assets and Liabilities

Agency Fund

June 30, 2012

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 26,552
Total assets	<u>\$ 26,552</u>
Liabilities	
Accounts payable	465
Other payables	26,087
Total liabilities	<u>\$ 26,552</u>

See Notes to Financial Statements.

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Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Pleasant Valley Community School District is a political subdivision of the state of Iowa and operates public schools for children in grades kindergarten through twelve. The District also operates a preschool program. The geographic area served includes the Township of Pleasant Valley, Iowa, the City of LeClaire, Iowa, portions of the City of Bettendorf, Iowa and portions of the agricultural territory of Scott County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting entity:

For financial reporting purposes, Pleasant Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Pleasant Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly governed organizations: The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Scott County Assessor's Conference Board.

Basis of presentation:

District-wide financial statements: The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvements of those assets.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted by enabling legislation as of June 30, 2012 consists of \$339,158 for categorical funding, \$1,032,814 for management levy purposes, \$18,087 for physical plant and equipment levy, \$519,372 for student activities, and \$149,928 for school infrastructure.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customer or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements: Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The other governmental funds of the District are considered nonmajor and are as follows:

Special Revenue Funds: Are used to account for the revenue sources that are legally restricted to expenditures for specific purposes:

The Management Fund accounts for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Student Activity Fund accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular to extracurricular activities of the District.

Debt Service Fund: Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of local property taxes.

The District's nonmajor proprietary funds are the Enterprise, School Nutrition Fund, used to account for the food service operations of the District and the Internal Service, Self-Funded Insurance Fund, used to account for the District's self-funded health and dental insurance plans.

The District also reported fiduciary funds. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities and does not involve measurement of results of operations.

Measurement focus and basis of accounting:

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguished operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, liabilities and fund equity:

The following accounting policies are followed in preparing the financial statements:

Cash, pooled investments and cash equivalents: The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for nonnegotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have maturity date no longer than three months.

Property tax receivable: Property tax in governmental funds is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with 1½ percent per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Due from other governments: Due from other governments represents amounts due from the state of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories: Inventories are valued at cost using the first-in, first-out method for purchased items and governmental commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital assets: Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1
Buildings	25,000
Improvements other than buildings	25,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	300
Other furniture and equipment	2,500

Capital assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	20 - 40 years
Improvements other than buildings	15 - 40 years
Furniture and equipment	5 - 15 years

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Salaries and benefits payable: Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned/deferred revenue: Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unearned revenue consists of unspent grant proceeds, the succeeding year property tax receivable and unearned meal revenues and school registration fees.

Unearned revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned federal grant revenues and unearned meal revenues and school registration fees.

Long-term liabilities: In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated absences: District employees accumulate a limited amount of earned but unused vacation and sick leave for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and by the Special Revenue Fund, Management Levy.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund equity: In the governmental fund financial statements fund balances are classified as follows:

Nonspendable: Balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The authority to assign fund balances has been delegated to the Chief Financial Officer.

Unassigned: All amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which amounts in the committed, assigned, or unassigned fund balance classifications could be used, the District's policy is generally to first apply the expenditure to restricted fund balance and then to less restrictive classifications – committed, assigned and then unassigned fund balances.

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

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and budgetary control:

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's cash and pooled investment consisted of depository accounts at financial institutions including certificate of deposits. The District's deposits in banks as of June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Capital Projects Fund	Nutrition Fund	99,500
Debt Service Fund	Capital Projects Fund	<u>1,051,542</u>
		<u>\$ 1,151,042</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 591,160	\$ 580,870	\$ -	\$ 1,172,030
Construction in progress	11,315,556	5,026,061	12,120,043	4,221,574
Total capital assets not being depreciated	11,906,716	5,606,931	12,120,043	5,393,604
Capital assets being depreciated:				
Buildings	40,761,193	10,915,636	-	51,676,829
Improvements other than buildings	3,297,127	1,996,233	-	5,293,360
Furniture and equipment	6,924,050	642,287	229,368	7,336,969
Total capital assets being depreciated	50,982,370	13,554,156	229,368	64,307,158
Less accumulated depreciation for:				
Buildings	19,828,730	1,364,690	-	21,193,420
Improvements other than buildings	1,523,030	215,446	-	1,738,476
Furniture and equipment	6,120,960	219,731	210,313	6,130,378
Total accumulated depreciation	27,472,720	1,799,867	210,313	29,062,274
Total capital assets being depreciated, net	23,509,650	11,754,289	19,055	35,244,884
Governmental activities capital assets, net	\$ 35,416,366	\$ 17,361,220	\$ 12,139,098	\$ 40,638,488
Business-type activities:				
Furniture and equipment	\$ 999,215	\$ 326,851	\$ 43,250	\$ 1,282,816
Less accumulated depreciation	442,630	58,356	42,050	458,936
Business-type activities capital assets, net	\$ 556,585	\$ 268,495	\$ 1,200	\$ 823,880

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 4. Capital Assets (Continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	\$ 188,986
Support services:	
Administration	25,198
Operation and maintenance of plant services	17,999
	<u>232,183</u>
Unallocated depreciation	1,567,684
Total governmental activities depreciation expense	<u><u>\$ 1,799,867</u></u>
Business-type activities, food service operations	<u><u>\$ 58,356</u></u>

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Capital loan note	\$ -	\$ 2,250,000	\$ 1,050,000	\$ 1,200,000	\$ 1,200,000
Early retirement	349,350	220,338	242,388	327,300	217,130
Compensated absences	797,995	446,375	476,498	767,872	283,929
Net OPEB liability	438,034	174,024	-	612,058	-
Total	<u>\$ 1,585,379</u>	<u>\$ 840,737</u>	<u>\$ 718,886</u>	<u>\$ 1,707,230</u>	<u>\$ 501,059</u>
Business-type activities, net OPEB liability	<u>\$ 2,018</u>	<u>\$ 3,193</u>	<u>\$ 2,018</u>	<u>3,193</u>	<u>\$ 3,193</u>

Capital loan note: In July 2011, the District entered into a \$4,500,000 General Obligation School Capital Loan Note Anticipatory Note. The Note can be drawn in installments of \$5,000. The Note matures on June 1, 2014, or upon redemption prior thereto, and bears interest on the outstanding principal at a rate of 2.49%. Interest is payable on December 1, 2011 and semiannually thereafter until maturity. The notes are payable solely from the revenues of a voter-approved Physical Plant and Equipment Levy. The total principal and interest remaining to be paid on the notes as of June 30, 2012 was \$1,200,245. During the year ended June 30, 2012, \$1,050,000 of principal and \$1,542 of interest was paid on the bonds. The Physical Plant and Equipment Levy revenues were \$1,896,509.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Early retirement: The District offers a voluntary early retirement plan to its certified, administrative and classified employees. Eligible employees must be at least age 55 and employees must have completed 15 years of service to the District. Employees must complete an application which is required to be approved by the Board of Education.

For administrative and certified personnel, the early retirement incentive for each eligible employee is equal to 50 percent of the employee's base salary calculated by using the current year regular salary schedule. For classified personnel, the early retirement incentive for each eligible employee is the product of 50 percent of the number of unused sick leave days (limited to a maximum number of days in the employee's letter of assignment) times the employee's hourly wage rate on the last day of employment times the daily hours worked.

As of June 30, 2012, the District had obligations to 18 participants with a total liability of \$327,300. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$220,388. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements. Early retirement obligations are generally liquidated by the Management Fund or the General Fund.

Note 6. Other Postemployment Benefits (OPEB)

Plan description: The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 326 active and 21 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a self-insured plan with stop-loss coverage provided by Wellmark and Delta Dental. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding policy: The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB cost and net OPEB obligation: The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 6. Other Postemployment Benefits (OPEB) (Continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 201,251
Interest on net OPEB obligation	11,001
Adjustment to annual required contribution	(14,425)
Annual OPEB cost	<u>197,827</u>
Contributions made	<u>22,628</u>
Increase in net OPEB obligation	175,199
Net OPEB obligation beginning of year	<u>440,052</u>
Net OPEB obligation end of year	<u><u>\$ 615,251</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 and the two preceding years are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 162,050	20.4%	\$ 267,122
June 30, 2011	194,092	12.0%	440,052
June 30, 2012	197,827	11.4%	615,251

Funded status and funding progress: As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$1,576,356, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,576,356. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$19,345,000 and the ratio of the UAAL to covered payroll was 8.15 percent. As of June 30, 2012, there were no trust fund assets.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 6. Other Postemployment Benefits (OPEB) (Continued)

Actuarial methods and assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5 percent discount rate based on the District's funding policy. The projected annual medical trend rate is 6 percent.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000 on a 2/3 female, 1/3 male gender basis.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 7. Transportation Contract

The District entered into a transportation contract/equipment lease, effective July 1, 2007, for busing equipment and services required for the busing of all District students. The terms call for the leasing of 30 buses at varying rates per bus. All services are provided by the lessor. The lease runs for six years, beginning July 1, 2007, and can be renewed for two additional three-year terms. For the year ended June 30, 2012, the equipment portion of the lease called for payments of \$1,600 per bus for 29 buses at 12 months per year, or an annual payment of \$556,800. The lease payments for the year ended June 30, 2012, totaled \$992,215, with annual increases to this amount for each of the next three years.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38 percent of their annual covered salary and the District is required to contribute 8.07 percent of annual covered payroll for the year ended June 30, 2012. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$1,681,046, \$1,344,502 and \$1,294,886, respectively, equal to the required contributions for each year.

Note 9. Risk Management

The District has a self-funded health and dental insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125 percent of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the aggregate stop-loss coverage for the past three fiscal years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for incurred but unpaid claims. Changes in the claims liability amounts for the years ended June 30, 2012 and 2011 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claim Payments	Ending
2012	\$ 153,289	\$ 3,707,976	\$ 3,374,218	\$ 487,047
2011	360,879	2,143,234	2,350,824	153,289

Pleasant Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,380,061 for the year ended June 30, 2012 and is recorded in the General Fund.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2012 is comprised of the following programs:

Program	Amount
Professional development for model core curriculum	\$ 178,268
Four-year old preschool program	110,219
Limited english proficiency	31,363
Market factor incentives	15,413
Other	1,835
State decategorization	2,060
Total	<u><u>\$ 339,158</u></u>

Note 12. Commitments

The District has entered into various contracts totaling \$8,265,000 for a junior high parking lot addition, and an elementary, junior high and high school classroom addition. As of June 30, 2012, costs of \$3,602,000 had been incurred against the contracts. The balance of \$4,663,000 remaining as of June 30, 2012 will be paid as work on the projects progress.

In June 2012, the District signed a proposal regarding transfer of approximately 14 acres of land from Eastern Iowa Community College to the District. In return the District would provide improvements to the soccer field and baseball field. In addition, beginning in the fall of 2013 and continuing for four years, the District will contribute \$25,000 annually to Scott Community College Foundation and \$25,000 annually to fund an endowment with Pleasant Valley Educational Foundation for scholarships for the District students to attend Scott Community College.

Note 13. Governmental Accounting Standards Board (GASB)

The District adopted the following statements during the year ended June 30, 2012:

GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, an amendment of GASB Statement No. 43 and No. 45. This Statement was issued January 2010. This Statement addressed issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.

GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions (an amendment of GASB Statement No. 53), issued July 2011. This Statement clarified that when certain conditions are met, the use of hedge accounting should not be terminated.

The adoption of these Statements had no effect on the District in the current year.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 13: Governmental Accounting Standards Board (GASB) (Continued)

As of June 30, 2012, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the District with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnerships.

GASB Statement No 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* issued November 2010 will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for governmental financial reporting entities by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the District beginning with its year ending June 30, 2013. This statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statement in the future.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 66, *Technical Corrections – 2012*, issued April 2012, will be effective for the District with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement revises existing guidance for the financial reports of most pension plans. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 14: Governmental Accounting Standards Board (GASB) (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2015. This Statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

The District's management has not yet determined the effect these GASB Statements will have on the District's financial statements.

Pleasant Valley Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Enterprise Fund
Required Supplementary Information
Year Ended June 30, 2012**

	Governmental Funds - Actual	Enterprise Fund - Actual	Total Actual
Revenues:			
Local sources	\$ 22,711,657	\$ 1,150,354	\$ 23,862,011
State sources	18,487,056	11,632	18,498,688
Federal sources	1,350,925	348,550	1,699,475
Total revenues	42,549,638	1,510,536	44,060,174
Expenditures/expenses:			
Instruction	25,271,552	-	25,271,552
Support services	10,280,479	77,888	10,358,367
Noninstructional programs	24,476	1,456,213	1,480,689
Other expenditures	9,357,742	1,200	9,358,942
Total expenditures/expenses	44,934,249	1,535,301	46,469,550
Excess (deficiency) of revenues over (under) expenditures/expenses	(2,384,611)	(24,765)	(2,409,376)
Other financing sources (uses):			
Capital loan note issuance	2,250,000	-	2,250,000
Proceeds from sale of capital assets	3,015	-	3,015
Capital contributions	-	249,500	249,500
Interfund transfers in	1,151,042	-	1,151,042
Interfund transfers out	(1,051,542)	(99,500)	(1,151,042)
Total other financing sources (uses)	2,352,515	150,000	2,502,515
Net change in fund balance	(32,096)	125,235	93,139
Balance, beginning of year	4,946,849	1,003,996	5,950,845
Balance, end of year	\$ 4,914,753	\$ 1,129,231	\$ 6,043,984

See Note to Required Supplementary Information.

Budgeted Amounts		Final to Actual	
Original	Final	Variance	
\$ 23,431,713	\$ 23,431,713	\$	430,298
18,789,049	18,789,049		(290,361)
972,781	972,781		726,694
43,193,543	43,193,543		866,631
25,950,735	29,244,667		3,973,115
10,321,313	11,434,462		1,076,095
1,583,578	2,529,958		1,049,269
8,915,223	9,766,038		407,096
46,770,849	52,975,125		6,505,575
(3,577,306)	(9,781,582)		(7,372,206)
3,545,000	3,545,000		(1,295,000)
-	-		3,015
-	-		249,500
646,469	646,469		504,573
(646,469)	(646,469)		(504,573)
3,545,000	3,545,000		(1,042,485)
(32,306)	(6,236,582)		6,329,721
5,950,845	5,950,845		-
\$ 5,918,539	\$ (285,737)	\$	6,329,721

Pleasant Valley Community School District

Note to Required Supplementary Information – Budgetary Reporting

Note 1. Budgets and Budgetary Information

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes or expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$6,204,276.

During the year ended June 30, 2012, expenditures did not exceed the amounts budgeted.

Pleasant Valley Community School District

**Required Supplementary Information
Schedule of Funding Progress for the Retiree Health Plan
Year Ended June 30, 2012**

Year Ended June 30:	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	7/1/2008	\$ -	\$ 1,253	\$ 1,253	0.00%	\$ 19,093	6.56%
2010	7/1/2008	-	1,253	1,253	0.00%	19,093	6.56%
2011	7/1/2010	-	1,576	1,576	0.00%	19,345	8.15%
2012	7/1/2010	-	1,576	1,576	0.00%	19,345	8.15%

See Note 6 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

Note: Amounts reported in thousands.

Pleasant Valley Community School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
Assets				
Cash and pooled investments	\$ 1,032,407	\$ 639,638	\$ -	\$ 1,672,045
Receivables:				
Property tax:				
Current year	2,696	-	-	2,696
Succeeding year	560,000	-	-	560,000
Accounts	-	472	-	472
Prepaid items	2,556	2,725	-	5,281
Total assets	\$ 1,597,659	\$ 642,835	\$ -	\$ 2,240,494
Liabilities and fund balances				
Accounts payable	\$ -	\$ 31,066	\$ -	\$ 31,066
Due to other governments	2,289	160	-	2,449
Deferred revenue:				
Succeeding year property tax	560,000	-	-	560,000
Other	-	89,512	-	89,512
Total liabilities	562,289	120,738	-	683,027
Fund balances				
Nonspendable	2,556	2,725	-	5,281
Restricted	1,032,814	519,372	-	1,552,186
Total fund balances	1,035,370	522,097	-	1,557,467
Total liabilities and fund balances	\$ 1,597,659	\$ 642,835	\$ -	\$ 2,240,494

Pleasant Valley Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2012

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
Revenues:				
Local sources:				
Local tax	\$ 574,087	\$ -	\$ -	\$ 574,087
Other	35,376	736,676	-	772,052
State sources	274	-	-	274
Total revenues	609,737	736,676	-	1,346,413
Expenditures:				
Current:				
Instruction	259,554	727,630	-	987,184
Support services:				
Student services	2,575	-	-	2,575
Instructional staff services	33,615	-	-	33,615
Administration services	10,843	-	-	10,843
Operation and maintenance of plant services	218,523	6,470	-	224,993
Transportation services	2,984	-	-	2,984
Noninstructional programs	24,400	-	-	24,400
Debt Service:				
Principal	-	-	1,050,000	1,050,000
Interest	-	-	1,542	1,542
Total expenditures	552,494	734,100	1,051,542	2,338,136
Other financing sources (uses):				
Transfers in	-	-	1,051,542	1,051,542
Total other financing sources (uses)	-	-	1,051,542	1,051,542
Net change in fund balances	57,243	2,576	-	59,819
Fund balances, beginning of year	978,127	519,521	-	1,497,648
Fund balances, end of year	\$ 1,035,370	\$ 522,097	\$ -	\$ 1,557,467

Pleasant Valley Community School District

**Schedule of Combining Balance Sheet
Capital Project Fund - By Account
June 30, 2012**

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 89,689	\$ 339,753	\$ 429,442
Receivables:			
Property tax:			
Current year	-	9,614	9,614
Succeeding year	-	1,930,000	1,930,000
Accounts	50,817	2,068	52,885
Due from other governments	1,144,762	-	1,144,762
Total assets	\$ 1,285,268	\$ 2,281,435	\$ 3,566,703
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	495,340	326,521	821,861
Due to other governments	-	6,827	6,827
Deferred revenue:			
Succeeding year property tax	-	1,930,000	1,930,000
Other	640,000	-	640,000
Total liabilities	1,135,340	2,263,348	3,398,688
Fund Balances			
Restricted for:			
School infrastructure	149,928	-	149,928
Physical plant and equipment	-	18,087	18,087
Total fund balances	149,928	18,087	168,015
Total liabilities and fund balances	\$ 1,285,268	\$ 2,281,435	\$ 3,566,703

Pleasant Valley Community School District

Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Capital Project Fund - By Account
 Year Ended June 30, 2012

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 3,177,658	\$ 1,974,781	\$ 5,152,439
Other	214,956	9,612	224,568
State sources	-	896	896
Federal sources	-	14,425	14,425
Total revenues	3,392,614	1,999,714	5,392,328
Expenditures:			
Current:			
Instruction	23,440	162,239	185,679
Support services:			
Instructional staff services	-	219,893	219,893
Administration services	1,473	124,639	126,112
Operation and maintenance of plant services	-	163,852	163,852
Other expenditures, facilities acquisition	5,018,866	1,895,641	6,914,507
Debt service, interest	-	11,632	11,632
Total expenditures	5,043,779	2,577,896	7,621,675
Excess (deficiency) of revenues over (under) expenditures	(1,651,165)	(578,182)	(2,229,347)
Other financing sources (uses):			
Capital loan note issued	-	2,250,000	2,250,000
Transfers in	1,564,500	850,000	2,414,500
Transfers out	(850,000)	(2,516,542)	(3,366,542)
Total other financing sources (uses)	714,500	583,458	1,297,958
Net change in fund balance	(936,665)	5,276	(931,389)
Fund balance, beginning of year	1,086,593	12,811	1,099,404
Fund balance, end of year	\$ 149,928	\$ 18,087	\$ 168,015

Pleasant Valley Community School District

**Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year Ended June 30, 2012**

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary and Junior High Activities:				
P.V.J.H. Athletics	\$ 2,894	\$ 3,383	\$ 1,651	\$ 4,626
P.V.J.H. Band	70	1,020	1,014	76
P.V.J.H. Vocal Music	585	225	574	236
P.V.J.H. Bookstore	-	1,459	1,370	89
P.V.J.H. Drama	6,440	4,090	3,481	7,049
P.V.J.H. Chorus	2,529	7,860	7,837	2,552
P.V.J.H. General Activities	11,800	3,413	5,287	9,926
P.V.J.H. PTA	1,403	1,552	1,450	1,505
P.V.J.H. Home Economics	323	1,811	1,160	974
P.V.J.H. Quest Program	327	-	-	327
P.V.J.H. Science	14	-	-	14
P.V.J.H. Special Olympics	197	-	-	197
P.V.J.H. Student Council	1,112	3,757	3,969	900
P.V.J.H. Weightlifting Club	651	3,450	4,101	-
P.V.J.H. Yearbook	1,681	9,820	8,937	2,564
Bridgeview Bookstore	457	120	-	577
Bridgeview General Activities	10,407	6,153	5,491	11,069
Bridgeview Student Activity	278	50	205	123
Bridgeview Vocal Music	199	200	101	298
Cody Band	27	-	20	7
Cody Book Club	831	650	956	525
Cody Bookstore	295	-	-	295
Cody Candy Sales	592	2,227	2,314	505
Cody General Activities	18,152	3,819	2,561	19,410
Cody Student Fund	429	-	-	429
Cody Vocal Music	532	200	108	624
Cody Yearbook	3,552	1,638	1,491	3,699
Cody Student Council	65	-	-	65
Hopewell General Activities	-	1,016	1,013	3
Hopewell PTA	-	10,545	1,479	9,066
Hopewell Book Club	-	1,235	851	384
Hopewell Vocal Music	-	200	200	-
Hopewell Yearbook	-	1,091	1,086	5
Pleasant View General Activities	14,241	4,064	2,223	16,082
Pleasant View PTA	12,102	27,887	31,499	8,490
Pleasant View Vocal Music	562	-	200	362
Pleasant View Book Club	194	2,315	1,980	529
Riverdale Book Club	4,345	800	-	5,145
Riverdale Bookstore	499	-	250	249
Riverdale Jump for Heart	42	370	370	42
Riverdale General Activities	14,046	3,022	4,568	12,500
Riverdale PTA	3,144	2,950	5,918	176
Riverdale Student Council	1,652	-	-	1,652

(Continued)

Pleasant Valley Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts (Continued)
 Year Ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary and Junior High Activities:				
Riverdale Science	\$ 859	\$ -	\$ 6	\$ 853
Riverdale Band	500	-	-	500
Riverdale Vocal Music	529	200	201	528
District-Wide Garage Sale	1,433	-	-	1,433
District-Wide Wellness	219	-	-	219
Interest	39,178	1,194	-	40,372
6th Grade Choir	356	100	456	-
High School Activities:				
General Administrative	2,113	3,575	3,576	2,112
Clubs and Organizations	21,224	24,491	17,681	28,034
Drama	20,142	16,942	10,580	26,504
Trainer Fund	-	4,097	4,097	-
High School Athletics	171,170	62,586	88,988	144,768
Sparkles	4,172	621	1,066	3,727
Music Clubs	35,103	39,035	37,675	36,463
Habitat	-	2,682	1,594	1,088
Knowledge Bowl	-	5,825	5,825	-
Mock Trial	-	2,691	2,526	165
Casey's Award	941	-	-	941
FCCLA	-	983	983	-
Croquet	151	-	-	151
PV Pals	-	500	76	424
PV Shining Stars	-	2,682	1,554	1,128
PVMCSA	-	145	-	145
Event Planning Class	-	222	133	89
Multi-occupations	-	507	435	72
Coffee Bar	-	1,046	1,046	-
Academic Resale	2,277	150	223	2,204
Athletic Support Groups	85,983	217,459	217,945	85,497
Interest	16,502	4,832	-	21,334
Intrafund Transfers	-	231,719	231,719	-
Total	\$ 519,521	\$ 736,676	\$ 734,100	\$ 522,097

Pleasant Valley Community School District

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Fund

Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 21,753	\$ 110,094	\$ 105,295	\$ 26,552
Total assets	\$ 21,753	\$ 110,094	\$ 105,295	\$ 26,552
Liabilities				
Accounts payable	\$ 600	\$ 49,092	\$ 49,227	\$ 465
Other payables	21,153	93,996	89,062	26,087
Total liabilities	\$ 21,753	\$ 143,088	\$ 138,289	\$ 26,552

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Pleasant Valley Community School District

**Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds - Modified Accrual Basis
Last Nine Years**

	Years Ended June 30:			
	2012	2011	2010	2009
Revenues:				
Local sources:				
Local tax	\$ 19,183,890	\$ 18,102,184	\$ 16,347,650	\$ 16,046,535
Tuition	1,996,345	1,987,224	1,870,960	1,860,076
Other	1,531,422	1,499,540	1,428,429	1,548,385
Intermediate sources	-	-	-	-
State sources	18,487,056	16,628,060	14,308,611	16,083,230
Federal sources	1,350,925	886,727	2,563,579	939,513
Total revenues	\$ 42,549,638	\$ 39,103,735	\$ 36,519,229	\$ 36,477,739
Expenditures:				
Instruction	\$ 25,271,552	\$ 23,782,798	\$ 22,789,053	\$ 21,884,158
Support services:				
Student services	1,141,984	1,002,834	989,168	985,819
Instructional staff services	1,704,452	1,241,087	1,416,350	1,354,842
Administration services	3,496,290	3,200,486	3,085,309	3,048,787
Operation and maintenance of plant services	2,575,190	2,348,522	2,268,270	2,358,107
Transportation services	1,362,563	1,476,472	1,359,967	1,364,899
Central and other support services	-	-	-	-
Noninstructional programs	24,476	31,633	34,120	27,014
Other expenditures:				
Facilities acquisition	6,914,507	3,707,280	8,479,269	2,999,831
Long-term debt:				
Principal	1,050,000	-	-	17,037
Interest and fiscal charges	13,174	-	-	109
AEA flowthrough	1,380,061	1,426,627	1,378,910	1,213,051
Total expenditures	\$ 44,934,249	\$ 38,217,739	\$ 41,800,416	\$ 35,253,654

Years Ended June 30:					
2008	2007	2006	2005	2004	
\$ 14,640,807	\$ 13,847,708	\$ 13,203,261	\$ 12,554,703	\$ 12,514,026	
2,065,220	1,796,259	1,713,736	1,399,116	1,230,012	
1,323,572	1,600,321	1,575,514	1,886,916	1,645,656	
-	-	-	-	5,362	
15,093,333	13,645,019	12,432,419	11,960,868	10,420,014	
494,426	429,739	488,597	338,066	397,878	
<u>\$ 33,617,358</u>	<u>\$ 31,319,046</u>	<u>\$ 29,413,527</u>	<u>\$ 28,139,669</u>	<u>\$ 26,212,948</u>	
\$ 20,201,496	\$ 18,647,048	\$ 13,233,621	\$ 12,464,043	\$ 12,147,421	
828,575	863,301	1,184,164	1,404,326	688,197	
1,164,236	1,143,765	2,557,612	2,183,842	2,008,349	
2,892,734	2,694,447	2,166,720	1,991,262	1,690,047	
2,429,130	2,110,392	1,077,201	951,153	905,464	
1,255,851	1,148,507	-	-	-	
-	-	-	-	5,220	
8,482	5,619	4,376	34,014	31,111	
1,730,515	2,622,079	2,713,005	3,796,019	2,320,548	
100,008	94,271	110,645	-	-	
2,869	8,606	10,086	-	-	
1,105,685	1,013,545	924,268	871,361	849,410	
<u>\$ 31,719,581</u>	<u>\$ 30,351,580</u>	<u>\$ 23,981,698</u>	<u>\$ 23,696,020</u>	<u>\$ 20,645,767</u>	

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Pleasant Valley Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY12 4552	\$ 23,656
National School Lunch Program	10.555	FY12 4553	232,983
National School Lunch Program (Noncash)	10.555	FY12	91,911
			<u>348,550</u>
U.S. Department of Natural Resources:			
Iowa Department of Natural Resources:			
Sport Fish Restoration	15.605	FY12 4687	<u>500</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	FY12 4501	<u>94,777</u>
Advanced Placement Program	84.330	FY12 4654	<u>77</u>
English Language Acquisition Grants	84.365	FY12 4644	<u>1,508</u>
Improving Teacher Quality State Grants	84.367	FY12 4643	<u>67,596</u>
Grants for State Assessments and Related Activities	84.369	FY12 4648	<u>24,551</u>
ARRA-State Fiscal Stabilization Fund-Government Services State Grants, Recovery Act	84.397	FY11 4039	<u>110,837</u>
ARRA-Education Jobs Bill	84.410	FY11 4041	681,692
		FY12 4041	<u>10,165</u>
			<u>691,857</u>
Mississippi Bend Area Education Agency:			
Special Education - Grants to States	84.027	FY12 4521	<u>176,681</u>
Career and Technical Education - Basic Grants to States	84.048	FY12 4531	<u>18,367</u>
Total expenditures of federal awards			<u>\$ 1,535,301</u>

See notes to schedule of expenditures of federal awards.

Pleasant Valley Community School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of Pleasant Valley Community School District under programs of the federal government for the year ended June 30, 2012. All federal financial assistance received directly from federal agencies as well as federal financial assistance pass through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Pleasant Valley Community School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Pleasant Valley Community School District.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual or accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal awards is recognized when it is both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Pleasant Valley Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012**

Findings	Status	Corrective Action Plan or Other Explanation
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Significant Deficiencies in Internal Control:

II-A-11 The District has insufficient segregation of duties over the cash disbursement function. Corrected

Other Findings Related to Statutory Reporting:

IV-A-11 Expenditures for the Other function exceeded the certified budget prior to amendment. Corrected

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

To the Board of Education
Pleasant Valley Community School District
Bettendorf, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Pleasant Valley Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated (ReportDate). 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

Management of Pleasant Valley Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Pleasant Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pleasant Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pleasant Valley Community School District'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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasant Valley Community School District'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*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Pleasant Valley Community School District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

We noted certain matters that we reported to management of Pleasant Valley Community School District in a separate letter dated February 21, 2013.

Pleasant Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Pleasant Valley Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Pleasant Valley Community School District and other parties to whom Pleasant Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
February 21, 2013

**Independent Auditor's Report on Compliance With
Requirements That Could Have a Direct and Material
Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

To the Board of Education
Pleasant Valley Community School District
Bettendorf, Iowa

Compliance

We have audited the compliance of Pleasant Valley Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Pleasant Valley Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pleasant Valley Community School District's management. Our responsibility is to express an opinion on Pleasant Valley Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pleasant Valley Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pleasant Valley Community School District's compliance with those requirements.

In our opinion, Pleasant Valley Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Pleasant Valley Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Pleasant Valley Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Pleasant Valley Community School District and other parties to whom Pleasant Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
February 21, 2013

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
 - CFDA Number 84.397 ARRA-State Fiscal Stabilization Fund, Government Services State Grants, Recovery Act
 - CFDA Number 84.410 ARRA-Education Jobs Fund
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Pleasant Valley Community School District qualified as a low-risk auditee.

(Continued)

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

Part IV: Other Findings Related to Statutory Reporting

IV-A-12

Certified Budget – Expenditures for the year ended June 30, 2012, did not exceed the amounts budgeted at year-end.

IV-B-12

Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

IV-C-12

Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-12

Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-12

Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

(Continued)

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

IV-F-12

Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

Finding: In accordance with Chapters 279.35 and 279.36, the Board of Education meeting minutes must be published within 2 weeks in a community paper. The four selected meetings tested did not have the minutes published within the required time frame.

Recommendation: We recommend the District publish the minutes for each Board meeting within the required time frame.

Response and Corrective Action Plan: The District will review options for publication of Board minutes to comply with state requirements.

Conclusion: Response accepted.

IV-G-12

Certified Enrollment:

Finding: – The Department of Management identified one variance in the basic enrollment data certified to the Department of Education. The District corrected the variance prior to the year-end audit.

Recommendation: We recommend increased enrollment verification prior to certification.

Response and Corrective Action Plan: The District corrected the variance prior to the year-end audit and will continue to review enrollment data prior to submission.

Conclusion: Response accepted.

IV-H-12

Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-12

Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

IV-J-12

Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

(Continued)

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

IV-K-12

Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-L-12

Statewide Sales and Services Tax – No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales and services tax revenue in the District’s CAR:

Beginning balance	\$ 1,086,593
Revenue / transfers in:	
Statewide sales and services tax revenue	3,177,658
Interest	1,439
Transfers in/other	1,778,017
Expenditures/transfers out:	
Other	1,473
School infrastructure:	
Buildings	4,565,956
Improvements other than buildings	1,280,000
Equipment	75,742
Ending balance	<u><u>\$ 120,536</u></u>

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	<u> </u>	<u> </u>
Debt service levy	\$ 2.96000	\$ 3,177,658

Pleasant Valley Community School District

**Corrective Action Plan
Year Ended June 30, 2012**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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Other Findings Related to Required Statutory Reporting:

IV-F-12	The District did not publish the Board minutes within two weeks of the meeting.	See response and corrective action plan at IV-F-12	Fiscal Year 2013	Mike Clingingsmith
IV-G-12	The District had a variance of one student in the certified enrollment certification.	See response and corrective action plan at IV-G-12	Fiscal Year 2013	Mike Clingingsmith