

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

Financial Report
Year Ended June 30, 2014



Table of Contents

INTRODUCTORY SECTION	
Table of contents	i
Officials	iii

FINANCIAL SECTION	
Independent auditor’s report	1 – 3
Management’s discussion and analysis	4 – 17
Basic financial statements:	
District-wide financial statements:	
Statement of net position	18
Statement of activities	19 – 20
Governmental fund financial statements:	
Balance sheet	21
Reconciliation of the balance sheet – governmental funds to the statement of net position	22
Statement of revenues, expenditures and changes in fund balances	23
Reconciliation of the statement of revenues, expenditures and changes in fund balances – governmental funds to the statement of activities	24
Proprietary fund financial statements:	
Statement of net position	25
Statement of revenues, expenses and changes in net position	26
Statement of cash flows	27
Fiduciary fund financial statements:	
Statement of fiduciary assets and liabilities	28
Notes to financial statements	29 – 46
Required supplementary information:	
Budgetary comparison schedule of revenues, expenditures/expenses and changes in balances –budget and actual – all governmental funds and enterprise fund	47 - 48
Note to required supplementary information – budgetary reporting	49
Schedule of funding progress for the retiree health plan	50
Other supplementary information:	
Nonmajor governmental funds – combining balance sheet	51
Nonmajor governmental funds – combining schedule of revenues, expenditures and changes in fund balances	52
Schedule of combining balance sheet, capital projects fund-by account	53
Schedule of combining statement of revenues, expenditures and changes in fund balances, capital projects fund-by account	54
Schedule of changes in special revenue fund, student activity accounts	55 – 56
Schedule of changes in fiduciary assets and liabilities, agency fund	57
Schedule of revenues by source and expenditures by function – all governmental funds	58 – 59

Table of Contents

COMPLIANCE SECTION	
Schedule of expenditures of federal awards	60
Notes to the schedule of expenditures of federal awards	61
Summary schedule of prior audit findings	62
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	63 – 64
Independent auditor’s report on compliance for each major federal program and on internal control over compliance in accordance with OMB Circular A-133	65-66
Schedule of findings and questioned costs	67 – 70
Corrective action plan	71

Pleasant Valley Community School District

Officials

Year Ended June 30, 2014

Name	Title	Term Expires
Board of Education		
Chris Cournoyer	Board Member	2017
Heather Witters	Board Member	2017
Scott Isbell	Board Member	2015
Joe Bullock	Board Member	2015
Jean Dickson	Board Member	2017
Pamela Paulsen	Board Member	2015
Nikhil Wagle	Board Member	2015
School Officials		
Dr. James R. Spelhaug	Superintendent	2016
Brian Strusz	Assistant Superintendent	2015
Mike Clingingsmith	Chief Financial Officer	2015
Christine Harvey	District Secretary	2014
Joyce E. Bauwens	District Treasurer	2014
Lane & Waterman	Attorney	Indefinite

THIS PAGE INTENTIONALLY LEFT BLANK



Independent Auditor's Report

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

Report on the Financial Statements

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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley Community School District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison information, on pages 4-17 and 47-50 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The District's basic financial statements for the years ended June 30, 2005 through 2010, which are not presented herein, were audited by other auditors whose report thereon dated December 21, 2010, expressed unmodified opinions on the basic financial statements. Their report on the Schedule of Revenues by Source and Expenditures by Function for the years ended June 30, 2005 through 2010

stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2005 through 2010 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the District's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
March 3, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2014

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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

2013-14 FINANCIAL HIGHLIGHTS

- General Fund revenues (excluding proceeds from sale of capital assets) grew from \$37,050,184 in the 2012-13 fiscal year to \$40,668,033 in the 2013-14 fiscal year (9.8%). The most significant factors in this growth were an increase in state source revenues and an increase in property taxes received due to the increase in student certified enrollment (see the third bullet point below). General Fund expenses grew from \$36,437,868 in the 2012-13 fiscal year to \$39,900,129 in the 2013-14 fiscal year (9.5%). This was due, in part, to increases in current employees' salaries and benefits and the addition of several new employees due to the district's rapid growth. The difference between the 2013-14 revenues of \$40,668,033 and expenses of \$39,900,129 plus the proceeds from sale of capital assets of \$11,367 resulted in a net increase in fund balance in the General Fund of \$779,271. As a result, the District's General Fund balance increased from \$3,802,089 at June 30, 2013 to \$4,581,360 at June 30, 2014. This represents a 20.5% increase from the prior year.
- The District's solvency ratio (Assigned + Unassigned General Fund Balance / Actual General Fund Revenues – AEA Flowthrough) increased from 9.53% at June 30, 2013 to 10.49% at June 30, 2014.
- The District's certified enrollment (resident headcount) for the 2013-14 fiscal year (taken on October 1, 2013) was 4,288.6, an increase of 58.6 students or 1.4% over the 2012-2013 fiscal year certified enrollment of 4,230.0 (taken on October 1, 2012). The District's certified enrollment for the 2011-12 fiscal year (taken on October 3, 2011) was 3,959.9. Therefore, the District's certified enrollment grew by 270.1 students between the 2011-12 fiscal year and the 2012-13 fiscal year. A District's certified enrollment is used in determining funding through the state foundation formula in the fiscal year immediately after the fiscal year in which the certified enrollment count is actually taken.
- The district's overall property tax levy rate was increased from \$14.64 (rounded to the nearest penny) per \$1,000 taxable valuation in the 2012-13 fiscal year to \$14.74 (rounded to the nearest penny) per \$1,000 taxable valuation in the 2013-14 fiscal year.
- Interest rates continued to remain low during the 2013-14 fiscal year. Interest earnings have decreased from \$322,983 during the 2007-08 fiscal year to only \$56,005 during the 2013-14 fiscal year.

USING THIS ANNUAL REPORT

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

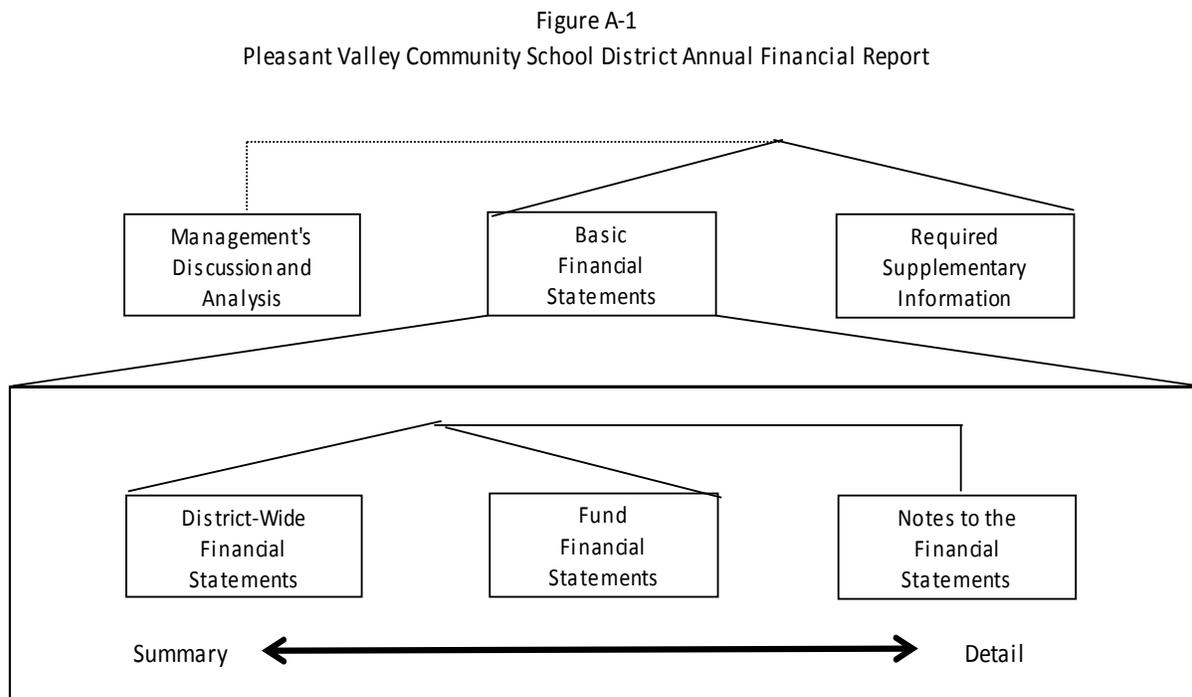
- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2014

- The government-wide financial statements consist of a Statement of Net Position 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, 2014**

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 position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position 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, 2014

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 Position 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 position and how they have changed. Net position – the difference between the District's assets and deferred outflows and liabilities and deferred inflows – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position 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 2013-14 were the

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2014

General Fund and the Capital Projects Fund. The nonmajor governmental funds include two 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 position, 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, 2014

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net position as of June 30, 2014 compared to June 30, 2013.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2013-14
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	
Current and other assets	\$ 30,712,350	\$ 33,729,017	\$ 330,328	\$ 391,295	\$ 31,042,678	\$ 34,120,312	9.9%
Capital assets	44,482,057	46,512,322	738,225	664,469	45,220,282	47,176,791	4.3%
Total assets	75,194,407	80,241,339	1,068,553	1,055,764	76,262,960	81,297,103	6.6%
Long-term liabilities	4,058,784	4,328,800	4,178	4,861	4,062,962	4,333,661	6.7%
Other liabilities	6,445,242	7,512,472	69,769	80,889	6,515,011	7,593,361	16.6%
Total liabilities	10,504,026	11,841,272	73,947	85,750	10,577,973	11,927,022	12.8%
Deferred inflows of resources	16,580,000	17,240,000	-	-	16,580,000	17,240,000	4.0%
Net position:							
Net investment in capital assets	42,382,057	44,512,322	738,225	664,469	43,120,282	45,176,791	4.8%
Restricted	2,240,011	2,972,549	5,264	11,156	2,245,275	2,983,705	32.9%
Unrestricted	3,488,313	3,675,196	251,117	294,389	3,739,430	3,969,585	6.2%
Total net position	\$ 48,110,381	\$ 51,160,067	\$ 994,606	\$ 970,014	\$ 49,104,987	\$ 52,130,081	6.2%

The District's combined net position as of June 30, 2014 grew by \$3,025,094 (6.2%) over the June 30, 2013 combined net position. Net position in the governmental activities grew by \$3,049,686 (6.3%). The net position of the District's business-type activities decreased by \$24,592 (-2.5%).

The most significant factors for the increase in net position of the District were the construction of the building addition at Pleasant Valley High School for additional classroom space, the construction of the building addition at Hopewell Elementary School for additional classroom space and other facility improvements which were significant additional assets for the District.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by \$738,430 (32.9%) primarily due to the increase in net position in the Management Fund and Statewide Sales and Services Use Tax Capital Projects Fund.

Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) increased by \$230,155 (6.2%).

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2014**

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4 Changes in Net Position From Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2013-14
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	
Revenues:							
Program revenues:							
Charges for services	\$ 2,914,669	\$ 3,150,302	\$ 1,253,276	\$ 1,410,966	\$ 4,167,945	\$ 4,561,268	9.4%
Operating grants and contributions	5,057,477	5,529,965	419,960	489,200	5,477,437	6,019,165	9.9%
Capital grants and contributions	-	-	-	-	-	-	-
General revenues:							
Property taxes	16,563,754	17,726,385	-	-	16,563,754	17,726,385	7.0%
State foundation aid	15,257,879	17,312,624	-	-	15,257,879	17,312,624	13.5%
Statewide sales and services tax	3,443,992	3,680,667	-	-	3,443,992	3,680,667	6.9%
Other	912,123	1,003,306	2,157	2,190	914,280	1,005,496	10.0%
Total revenues	44,149,894	48,403,249	1,675,393	1,902,356	45,825,287	50,305,605	9.8%
Expenses:							
Instruction	28,141,999	30,825,756	-	-	28,141,999	30,825,756	9.5%
Support services	11,230,964	12,970,510	86,358	95,092	11,317,322	13,065,602	15.4%
Noninstructional	17,808	18,959	1,623,660	1,731,856	1,641,468	1,750,815	6.7%
Other	1,724,201	1,638,338	-	-	1,724,201	1,638,338	-5.0%
Total expenses	41,114,972	45,453,563	1,710,018	1,826,948	42,824,990	47,280,511	10.4%
Change in net position before transfers	3,034,922	2,949,686	(34,625)	75,408	3,000,297	3,025,094	0.8%
Transfers	100,000	100,000	(100,000)	(100,000)	-	-	-
Increase (decrease) in net position	\$ 3,134,922	\$ 3,049,686	\$ (134,625)	\$ (24,592)	\$ 3,000,297	\$ 3,025,094	0.8%

In 2013-14, local taxes (property taxes and statewide sales and services tax) and state foundation aid accounted for 80.0% of the revenue from governmental activities while charges for services and grants and contributions accounted for 99.9% of the revenue from business-type activities.

The District’s expenses primarily relate to instructional and support services which account for 92.8% of the total expenses.

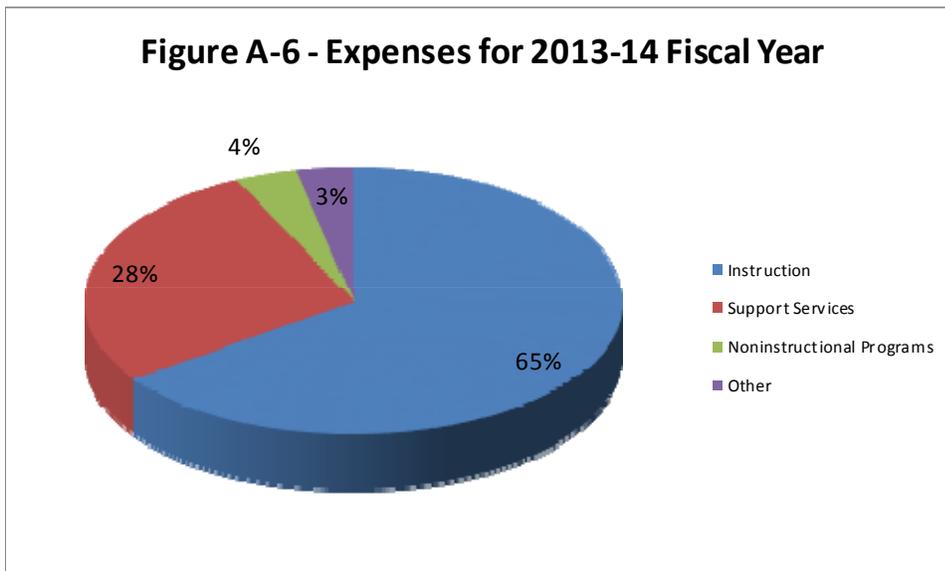
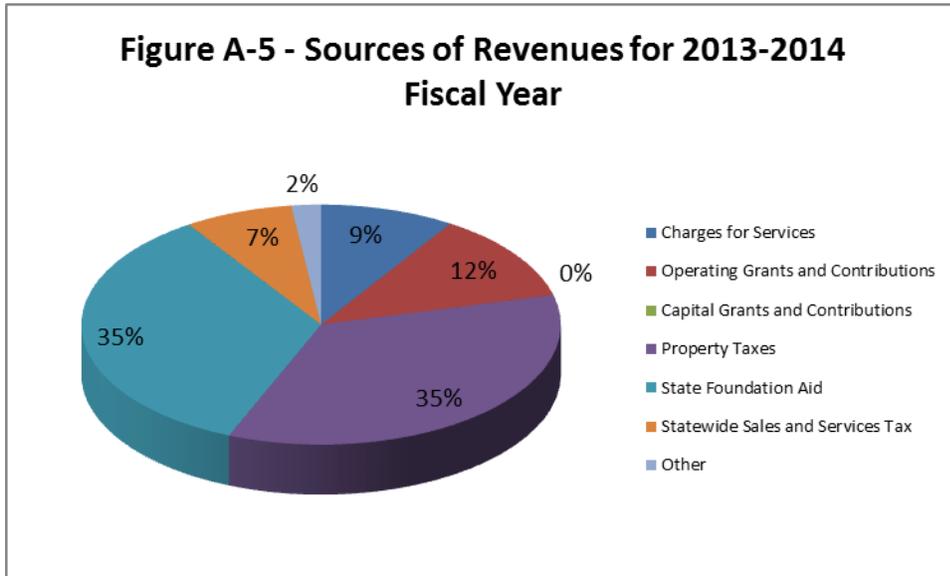
Total revenue for the District increased by \$4,480,318 (9.8%) in the fiscal year ended June 30, 2014. The most significant revenue category changes were due to an increase in property taxes, state foundation aid and statewide sales and services tax. Property taxes increased by \$1,162,631 (7.0%) primarily due to increased assessed valuations in the district, increased enrollment and an increase in the cash reserve levy. State foundation aid increased \$2,054,745 (13.5%) primarily due to increased enrollment.

Total District expenses increased by \$4,455,521 (10.4%), 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, 2014**

Figures A-5 and A-6, which follow, show charts reflecting sources of revenue and distribution of expenses for the 2013-14 fiscal year.



Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2014**

Governmental Activities

Revenue for the District’s governmental activities in 2013-14 increased by \$4,253,355 (9.6%) from the previous year, while total expenses increased by \$4,338,591 (10.6%). Governmental activities net position as of June 30, 2014 increased by \$3,049,686 (6.3%) over the June 30, 2013 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, 2014 compared to the year ended June 30, 2013.

Figure A-7 Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
			Change			Change
	June 30, 2013	June 30, 2014		June 30, 2013	June 30, 2014	
Instruction	\$ 28,141,999	\$ 30,825,756	9.54%	\$ 21,718,509	\$ 23,875,398	9.9%
Support services	11,230,964	12,970,510	15.49%	11,158,507	12,878,939	15.4%
Noninstructional	17,808	18,959	6.46%	17,808	18,959	6.5%
Other	1,724,201	1,638,338	-4.98%	248,002	-	-100.0%
Total	\$ 41,114,972	\$ 45,453,563	10.55%	\$ 33,142,826	\$ 36,773,296	11.0%

For the year ended June 30, 2014:

- The cost financed by the users of the District’s programs was \$3,150,302.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$5,529,965.
- The net cost of governmental activities was financed with \$17,726,385 in property taxes, \$17,312,624 of unrestricted state grants, \$3,680,667 in statewide sales and services tax revenue, \$624,049 in other taxes, \$53,815 in investment earnings and \$325,442 in miscellaneous revenues.

For the year ended June 30, 2013:

- The cost financed by the users of the District’s programs was \$2,914,669.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$5,057,447.
- The net cost of governmental activities was financed with \$16,563,754 in property taxes, \$15,257,879 of unrestricted state grants, \$3,443,992 in statewide sales and services tax revenue, \$670,829 in other taxes, \$46,402 in investment earnings and \$194,892 in miscellaneous revenues.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2014

Business-Type Activities

The District's business-type activities include the School Nutrition Fund. Revenues of the District's business-type activities in 2013-14 were \$1,902,356; an increase of \$226,963 (13.5%) from 2012-13. The increase is primarily due to increases in the price per meal and number of meals served. Other revenues of these activities were comprised of federal and state reimbursements and interest. Expenses were \$1,826,948; an increase of \$116,930 (6.8%) from 2012-13 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 \$7,024,408, which reflects an increase of \$1,498,085 from last year's ending fund balances of \$5,526,323. The primary reason for the increase in combined fund balances at the end of the 2013-14 fiscal year is due to increases in local sources revenue and state foundation aid.

Governmental Fund Highlights

- The fund balance in the District's General Fund increased by \$779,271 from \$3,802,089 as of June 30, 2013 to \$4,581,360 as of June 30, 2014. The General Fund experienced an increase in state sources of revenue primarily due to increased enrollment.
- The fund balance in the Capital Projects Fund increased by \$534,091. The statewide sale, service and use tax generated \$237,385 more in revenue in 2013-14 than in the previous fiscal year. Local tax generated from the physical plant and equipment levy was \$2,234,738 compared to the prior year \$2,130,952 which represents a \$103,786 increase from 2012-13. Total expenditures were \$5,570,593 in 2013-14 compared to \$6,857,589 in 2012-13. In the current year, major expenditures included the building additions for additional classroom space, etc. at Pleasant Valley High School and Hopewell Elementary School and other facility improvements.
- The fund balance in the Student Activities Fund increased by \$55,286 during the fiscal year due to the variance of student activities from year-to-year.
- The fund balance in the Management Fund increased by \$129,437 during 2013-14.
- The District had a Debt Service Fund in the current year to account for payment of principal and interest of \$3,709,488 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, 2014

Proprietary Fund Highlights

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

- The net position of the Nutrition Fund decreased by \$24,592 (2.5%) during 2013-14 primarily due to increased food costs.
- The net position of the Internal Service Fund decreased by \$220,480 (11.1%) during 2013-14. 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 \$6,331,526 more in expenditures than the original certified budget for the 2013-14 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 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, 2014

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 2013-14 fiscal year, the District had invested \$47,176,791 (net of accumulated depreciation of \$33,477,837) 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 \$1,956,509 or 4.3% 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 \$2,111,162.

Figure A-8 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	2013-14
	Land	\$ 1,360,555	\$ 1,360,555	\$ -	\$ -	\$ 1,360,555	\$ 1,360,555
Buildings	29,936,670	32,663,778	-	-	29,936,670	32,663,778	9.1%
Improvements other than buildings	4,360,335	4,259,212	-	-	4,360,335	4,259,212	-2.3%
Furniture and equipment	1,130,381	1,137,619	738,225	664,469	1,868,606	1,802,088	-3.6%
Construction in progress	7,694,116	7,091,158	-	-	7,694,116	7,091,158	-7.8%
Total	\$ 44,482,057	\$ 46,512,322	\$ 738,225	\$ 664,469	\$ 45,220,282	\$ 47,176,791	4.3%

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2014**

Long-Term Liabilities

As of June 30, 2014, the District had \$2,000,000 in capital loan notes, \$408,879 in early retirement liabilities, \$856,402 in total compensated absence liabilities and \$943,380 in net OPEB liability for total outstanding long-term obligations of \$4,208,661 as reflected in Figure A-9 below.

Figure A-9 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total School District		Total
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	Percentage
							Change
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	2013-14
Capital loan notes	\$ 2,100,000	\$ 2,000,000	\$ -	\$ -	\$ 2,100,000	\$ 2,000,000	-4.8%
Early retirement	416,561	408,879	-	-	416,561	408,879	-1.8%
Compensated absences	769,463	856,402	-	-	769,463	856,402	11.3%
Net OPEB liability	772,760	938,519	4,178	4,861	776,938	943,380	21.4%
Total	\$ 4,058,784	\$ 4,203,800	\$ 4,178	\$ 4,861	\$ 4,062,962	\$ 4,208,661	3.6%

As of June 30, 2013, the District had \$2,100,000 in capital loan notes, \$416,561 in early retirement liabilities, \$769,463 in total compensated absence liabilities and \$776,938 in net OPEB liability for total outstanding long-term obligations of \$4,062,962.

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

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2014

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 continues to experience significant growth. The continuing growth is forcing the District to consider the possible need for several building additions and renovations in the next several years and also the possible need for an additional (new) elementary school. An expanded amount of longer term borrowing would be necessary to complete those projects.
- The Iowa Legislature set the state supplemental aid percentage (formerly known as the allowable growth rate) at 2% for the 2013-14 fiscal year and at 4% for the 2014-15 fiscal year. The state also provided districts one-time non-recurring payments for the 2013-14 fiscal year, which equated to the same amount as an additional 2% allowable growth. The 4% growth rate set for the 2014-15 fiscal year is the largest level of growth set by the state since the 2009-10 fiscal year. The District already used ½ (2% of the total 4%) of the 2014-15 state supplemental aid growth funds for ongoing expenditures related to the wage and benefit settlements for the 2013-14 fiscal year. The Iowa Legislature has not yet set the allowable growth rate for the 2015-16 fiscal year or the 2016-17 fiscal year.
- The impact of the Affordable Care Act is concerning to the District as potential costs related to this continue to be identified.
- The Iowa Legislature established the Teacher Leadership and Compensation System, as well as the Teacher Leadership Supplement (TLS) of categorical funding. There was \$3.5 million of planning grants available statewide for the 2013-14 fiscal year as well as \$50 million available per year for the 2014-15 through 2016-17 fiscal years for phased-in entry to the program. This funding will be distributed on a per-pupil basis, which is estimated to be approximately \$308.82 per student.

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 Clingsmith, Chief Financial Officer, Pleasant Valley Community School District, 525 Belmont Rd., Bettendorf, Iowa 52722.

Pleasant Valley Community School District

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 14,508,784	\$ 366,649	\$ 14,875,433
Receivables:			
Property tax:			
Current year	69,971	-	69,971
Succeeding year	17,240,000	-	17,240,000
Accounts	457,063	3,466	460,529
Due from other governments	1,309,853	-	1,309,853
Inventories	-	21,180	21,180
Prepaid expenses	143,346	-	143,346
Capital assets:			
Nondepreciable	8,451,713	-	8,451,713
Depreciable, net	38,060,609	664,469	38,725,078
Total assets	80,241,339	1,055,764	81,297,103
Liabilities			
Accounts payable	813,569	3,405	816,974
Salaries and benefits payable	3,999,434	-	3,999,434
Due to other governments	1,797,012	-	1,797,012
Claims incurred but not reported	547,452	-	547,452
Unearned revenue	355,005	77,484	432,489
Long-term liabilities:			
Portion due within one year:			
Early retirement	281,030	-	281,030
Compensated absences	356,626	-	356,626
Capital loan note	2,000,000	-	2,000,000
Other	50,000	-	50,000
Portion due after one year:			
Early retirement	127,849	-	127,849
Compensated absences	499,776	-	499,776
Net OPEB liability	938,519	4,861	943,380
Other	75,000	-	75,000
Total liabilities	11,841,272	85,750	11,927,022
Deferred Inflows of Resources, deferred revenue	17,240,000	-	17,240,000
Net Position			
Net investment in capital assets	44,512,322	664,469	45,176,791
Restricted for:			
Categorical funding	351,165	-	351,165
Management levy	1,334,608	-	1,334,608
Physical plant and equipment levy	117,861	-	117,861
Other special revenue purposes	604,850	-	604,850
School infrastructure	564,065	-	564,065
Other	-	11,156	11,156
Unrestricted	3,675,196	294,389	3,969,585
Total net position	\$ 51,160,067	\$ 970,014	\$ 52,130,081

See Notes to Financial Statements.

Pleasant Valley Community School District

**Statement of Activities
Year Ended June 30, 2014**

Functions/Programs	Expenses
Governmental activities:	
Instruction:	
Regular instruction	\$ 23,050,148
Special instruction	3,468,985
Other	4,306,623
	<u>30,825,756</u>
Support services:	
Student services	1,612,251
Instructional staff services	1,747,264
Administration services	4,278,116
Operation and maintenance of plant services	3,986,499
Transportation services	1,346,380
	<u>12,970,510</u>
Noninstructional programs	<u>18,959</u>
Other expenditures:	
AEA flowthrough	<u>1,638,338</u>
Total governmental activities	<u>45,453,563</u>
Business-type activities:	
Support services:	
Administration services	34,856
Operation and maintenance of plant services	60,236
	<u>95,092</u>
Noninstructional programs, food service operations	<u>1,731,856</u>
Total business-type activities	<u>1,826,948</u>
Total	<u>\$ 47,280,511</u>
General revenues:	
Property tax levied for:	
General purposes	
Capital outlay	
Other specific purposes	
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 position	
Net position, beginning of year	
Net position, end of year	

See Notes to Financial Statements.

Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 2,169,067	\$ 3,028,182	\$ -	\$ (17,852,899)	\$ -	\$ (17,852,899)
46,159	798,108	-	(2,624,718)	-	(2,624,718)
902,136	6,706	-	(3,397,781)	-	(3,397,781)
<u>3,117,362</u>	<u>3,832,996</u>	<u>-</u>	<u>(23,875,398)</u>	<u>-</u>	<u>(23,875,398)</u>
-	-	-	(1,612,251)	-	(1,612,251)
-	29,900	-	(1,717,364)	-	(1,717,364)
-	-	-	(4,278,116)	-	(4,278,116)
32,940	-	-	(3,953,559)	-	(3,953,559)
-	28,731	-	(1,317,649)	-	(1,317,649)
<u>32,940</u>	<u>58,631</u>	<u>-</u>	<u>(12,878,939)</u>	<u>-</u>	<u>(12,878,939)</u>
-	-	-	(18,959)	-	(18,959)
-	1,638,338	-	-	-	-
<u>3,150,302</u>	<u>5,529,965</u>	<u>-</u>	<u>(36,773,296)</u>	<u>-</u>	<u>(36,773,296)</u>
-	-	-	-	(34,856)	(34,856)
-	-	-	-	(60,236)	(60,236)
-	-	-	-	(95,092)	(95,092)
<u>1,410,966</u>	<u>489,200</u>	<u>-</u>	<u>-</u>	<u>168,310</u>	<u>168,310</u>
<u>1,410,966</u>	<u>489,200</u>	<u>-</u>	<u>-</u>	<u>73,218</u>	<u>73,218</u>
<u>\$ 4,561,268</u>	<u>\$ 6,019,165</u>	<u>\$ -</u>	<u>(36,773,296)</u>	<u>73,218</u>	<u>(36,700,078)</u>
			14,939,441	-	14,939,441
			2,157,906	-	2,157,906
			629,038	-	629,038
			3,680,667	-	3,680,667
			624,049	-	624,049
			17,312,624	-	17,312,624
			53,815	2,190	56,005
			325,442	-	325,442
			<u>39,722,982</u>	<u>2,190</u>	<u>39,725,172</u>
			100,000	(100,000)	-
			<u>39,822,982</u>	<u>(97,810)</u>	<u>39,725,172</u>
			3,049,686	(24,592)	3,025,094
			48,110,381	994,606	49,104,987
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>51,160,067</u>	<u>\$ 970,014</u>	<u>\$ 52,130,081</u>

Pleasant Valley Community School District

Balance Sheet
Governmental Funds
June 30, 2014

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 10,183,055	\$ 354,623	\$ 2,090,924	\$ 12,628,602
Receivables:				
Property tax:				
Current year	59,017	8,457	2,497	69,971
Succeeding year	14,490,000	2,130,000	620,000	17,240,000
Accounts	8,753	-	1,441	10,194
Due from other governments	543,955	765,898	-	1,309,853
Prepaid items	135,876	5,696	1,774	143,346
Total assets	\$ 25,420,656	\$ 3,264,674	\$ 2,716,636	\$ 31,401,966
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 308,952	\$ 447,052	\$ 46,071	\$ 802,075
Salaries and benefits payable	3,999,434	-	-	3,999,434
Due to other governments	1,794,744	-	2,268	1,797,012
Unearned revenue	246,166	-	108,839	355,005
Total liabilities	6,349,296	447,052	157,178	6,953,526
Deferred Inflows of Resources:				
Unavailable revenue:				
Succeeding year property tax	14,490,000	2,130,000	620,000	17,240,000
Statewide sales and services tax	-	184,032	-	184,032
Total deferred inflows of resources	14,490,000	2,314,032	620,000	17,424,032
Fund balances:				
Nonspendable	135,876	5,696	1,774	143,346
Restricted for:				
Categorical funding	351,165	-	-	351,165
Management levy	-	-	1,334,608	1,334,608
Physical plant and equipment levy	-	117,861	-	117,861
School infrastructure	-	380,033	-	380,033
Student activity purposes	-	-	603,076	603,076
Assigned primarily for transportation	1,841,702	-	-	1,841,702
Unassigned	2,252,617	-	-	2,252,617
Total fund balances	4,581,360	503,590	1,939,458	7,024,408
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,420,656	\$ 3,264,674	\$ 2,716,636	\$ 31,401,966

See Notes to Financial Statements.

Pleasant Valley Community School District

**Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30, 2014**

Total fund balances of governmental funds	\$ 7,024,408
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	46,512,322
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	184,032
The Internal Service Fund is used to charge costs of the District's self-funded insurance plan to the governmental funds. The net position of the Internal Service Fund is therefore included under governmental activities.	1,768,105
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	(2,000,000)
Other long-term liabilities	(125,000)
Early retirement	(408,879)
Compensated absences	(856,402)
Net OPEB liability	(938,519)
Net position of governmental activities	<u><u>\$ 51,160,067</u></u>

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, 2014

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 15,462,059	\$ 2,234,738	\$ 653,637	\$ 18,350,434
Tuition	1,915,069	-	-	1,915,069
Other	525,582	209,789	951,028	1,686,399
State sources	21,967,216	3,669,645	245	25,637,106
Federal sources	798,107	-	-	798,107
Total revenues	40,668,033	6,114,172	1,604,910	48,387,115
Expenditures:				
Current:				
Instruction	27,349,493	300,454	1,058,453	28,708,400
Support services:				
Student services	1,592,711	-	19,540	1,612,251
Instructional staff services	1,717,620	19,086	10,558	1,747,264
Administration services	3,655,893	230,982	69,066	3,955,941
Operation and maintenance of plant services	2,607,845	354,729	235,460	3,198,034
Transportation services	1,338,114	-	8,266	1,346,380
	10,912,183	604,797	342,890	11,859,870
Noninstructional programs	115	-	18,844	18,959
Other expenditures:				
Facilities acquisition	-	4,664,562	-	4,664,562
AEA flowthrough	1,638,338	-	-	1,638,338
	1,638,338	4,664,562	-	6,302,900
Debt Service:				
Principal	-	-	3,700,000	3,700,000
Interest	-	780	9,488	10,268
	-	780	3,709,488	3,710,268
Total expenditures	39,900,129	5,570,593	5,129,675	50,600,397
Excess (deficiency) of revenues over (under) expenditures	767,904	543,579	(3,524,765)	(2,213,282)
Other financing sources (uses):				
Capital loan notes issued	-	3,600,000	-	3,600,000
Proceeds from sale of capital assets	11,367	-	-	11,367
Interfund transfers in	-	100,000	3,709,488	3,809,488
Interfund transfers out	-	(3,709,488)	-	(3,709,488)
Total other financing sources (uses)	11,367	(9,488)	3,709,488	3,711,367
Net change in fund balance	779,271	534,091	184,723	1,498,085
Fund balances (deficits), beginning of year	3,802,089	(30,501)	1,754,735	5,526,323
Fund balances, end of year	\$ 4,581,360	\$ 503,590	\$ 1,939,458	\$ 7,024,408

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, 2014**

Net change in fund balances - total governmental funds \$ 1,498,085

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 Position 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	\$ 4,079,711	
Depreciation expense	(2,025,600)	
Proceeds from sale of capital assets	(11,367)	
Loss on disposal of capital asset	(12,479)	
		2,030,265

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in unavailable revenues 11,832

The decrease in net position of the Internal Service Fund represents an undercharge to the governmental funds and is incorporated into the change in net position of governmental activities. (220,480)

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	(3,600,000)	
Repayment of principal on capital loan notes	3,700,000	
		100,000

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:

Other long-term liabilities	(125,000)	
Early retirement	7,682	
Compensated absences	(86,939)	
Net OPEB liability	(165,759)	
		(370,016)

Change in net position of governmental activities \$ 3,049,686

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Net Position

Proprietary Funds

June 30, 2014

	Enterprise Fund	
	School Nutrition	Internal Service Fund
Assets		
Cash and cash equivalents	\$ 366,649	\$ 1,880,182
Accounts receivable	3,466	446,869
Inventories	21,180	-
Capital assets, net of accumulated depreciation	664,469	-
Total assets	1,055,764	2,327,051
Liabilities		
Accounts payable	3,405	11,494
Claims incurred but not reported	-	547,452
Unearned revenue, other	77,484	-
Net OPEB liability	4,861	-
Total liabilities	85,750	558,946
Net Position		
Net investment in capital assets	664,469	-
Restricted	11,156	-
Unrestricted	294,389	1,768,105
Total net position	\$ 970,014	\$ 1,768,105

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2014

	Enterprise Fund	
	School Nutrition	Internal Service Fund
Operating revenues:		
Local sources, charges for services	\$ 1,410,966	\$ 3,618,546
Operating expenses:		
Support services:		
Salaries	28,385	-
Benefits	4,606	3,843,328
Purchased services	39,996	-
Supplies	21,605	-
Other	500	-
	<u>95,092</u>	<u>3,843,328</u>
Noninstructional programs:		
Salaries	470,812	-
Benefits	122,634	-
Purchased services	398	-
Supplies	1,052,450	-
Depreciation	85,562	-
Other	-	-
	<u>1,731,856</u>	<u>-</u>
Total operating expenses	<u>1,826,948</u>	<u>3,843,328</u>
Operating (loss)	<u>(415,982)</u>	<u>(224,782)</u>
Nonoperating revenues (expenses):		
Interest on investments	2,190	4,302
State sources	14,184	-
Federal sources	475,016	-
Total nonoperating revenues	<u>491,390</u>	<u>4,302</u>
(Loss) before transfers	75,408	(220,480)
Transfers out	<u>(100,000)</u>	<u>-</u>
Change in net position	(24,592)	(220,480)
Net position, beginning of year	994,606	1,988,585
Net position, end of year	<u>\$ 970,014</u>	<u>\$ 1,768,105</u>

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2014

	Enterprise Fund		Internal
	School		Service Fund
	Nutrition		
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 1,424,328	\$	-
Cash received from miscellaneous operating activities	-		3,645,683
Cash payments to employees for services	(625,754)		-
Cash payments to suppliers for goods or services	(1,002,725)		(3,839,497)
Net cash (used in) operating activities	(204,151)		(193,814)
Cash flows from noncapital financing activities:			
Transfers to other funds	(100,000)		-
State grants received	14,184		-
Federal grants received	348,636		-
Net cash provided by noncapital financing activities	262,820		-
Cash flows (used in) capital related financing activities,			
Acquisition of capital assets	(11,806)		-
Cash flows from investing activities, interest on investments	2,190		4,302
Net increase (decrease) in cash and cash equivalents	49,053		(189,512)
Cash and cash equivalents, beginning of year	317,596		2,069,694
Cash and cash equivalents, end of year	\$ 366,649	\$	1,880,182
Reconciliation of operating (loss) to net cash			
(used in) operating activities:			
Operating (loss)	\$ (415,982)	\$	(224,782)
Adjustments to reconcile operating (loss) to net cash			
(used in) operating activities:			
Depreciation	85,562		-
Commodities used	126,380		-
(Increase) decrease in accounts receivable	(973)		27,137
Increase in inventories	(10,941)		-
Increase (decrease) in accounts payable	(3,215)		10,419
Increase in net OPEB liability	683		-
Decrease in claims incurred but not reported	-		(6,588)
Increase in unearned revenue	14,335		-
Net cash (used in) operating activities	\$ (204,151)	\$	(193,814)
Schedule of noncash items:			
Noncapital financing activities, federal commodities	\$ 126,380	\$	-

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Assets and Liabilities

Agency Fund

June 30, 2014

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 24,254
Total assets	<u>24,254</u>
Liabilities	
Accounts payable	951
Other payables	23,303
Total liabilities	<u>\$ 24,254</u>

See Notes to Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Pleasant Valley Community School District (the 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 Position 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets 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 position results when constraints placed on net position 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.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has 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 is both restricted and unrestricted net position 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.

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 a deferred inflow of resources 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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 Position. 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 revenue: Proprietary funds defer revenue recognition in connection with resources that have been received but not earned. Unearned revenue in the governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue consists primarily of school registration fees and meal revenues collected for the programs and services in the next school year.

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 Position.

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, 2014. 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.

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.

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 as well as any deficit fund balance of any other governmental fund is reported as unassigned.

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.

Deferred outflows/inflows of resources: In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District does not have deferred outflows of resources as of June 30, 2014.

In addition to liabilities, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue in the governmental funds balance sheet from the statewide sales and services tax and property tax. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the succeeding year property tax revenue remains as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which levied.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net position: In proprietary funds, fiduciary funds, and government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted by enabling legislation as of June 30, 2014 consists of \$351,165 for categorical funding, \$1,334,608 for management levy purposes, \$117,861 for physical plant and equipment levy, \$604,850 for student activities, and \$564,065 for school infrastructure.

Net position flow assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

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.

Budgets and budgetary control:

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, 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, 2014 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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer To	Transfer From	Amount
Capital Projects Fund	Nutrition Fund	100,000
Debt Service Fund	Capital Projects Fund	3,709,488
		<u>\$ 3,809,488</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, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,360,555	\$ -	\$ -	\$ 1,360,555
Construction in progress	7,694,116	3,292,122	3,895,080	7,091,158
Total capital assets not being depreciated	9,054,671	3,292,122	3,895,080	8,451,713
Capital assets being depreciated:				
Buildings	52,532,597	4,238,408	-	56,771,005
Improvements other than buildings	6,376,960	187,667	-	6,564,627
Furniture and equipment	7,457,191	256,594	135,507	7,578,278
Total capital assets being depreciated	66,366,748	4,682,669	135,507	70,913,910
Less accumulated depreciation for:				
Buildings	22,595,927	1,511,300	-	24,107,227
Improvements other than buildings	2,016,625	288,790	-	2,305,415
Furniture and equipment	6,326,810	225,510	111,661	6,440,659
Total accumulated depreciation	30,939,362	2,025,600	111,661	32,853,301
Total capital assets being depreciated, net	35,427,386	2,657,069	23,846	38,060,609
Governmental activities capital assets, net	\$ 44,482,057	\$ 5,949,191	\$ 3,918,926	\$ 46,512,322
Business-type activities:				
Furniture and equipment	\$ 1,282,595	\$ 11,806	\$ 5,396	\$ 1,289,005
Less accumulated depreciation	544,370	85,562	5,396	624,536
Business-type activities capital assets, net	\$ 738,225	\$ (73,756)	\$ -	\$ 664,469

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	\$ 1,872,188
Support services:	
Administration	87,277
Operation and maintenance of plant services	66,135
Total governmental activities depreciation expense	\$ 2,025,600
Business-type activities, food service operations	\$ 85,562

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Capital loan note	\$ 2,100,000	\$ 3,600,000	\$ 3,700,000	\$ 2,000,000	\$ 2,000,000
Early retirement	416,561	255,660	263,342	408,879	281,030
Compensated absences	769,463	587,095	500,156	856,402	356,626
Net OPEB liability	772,760	191,723	25,964	938,519	-
Other long-term liabilities	-	125,000	-	125,000	50,000
Total	\$ 4,058,784	\$ 4,759,478	\$ 4,489,462	\$ 4,328,800	\$ 2,687,656
Business-type activities, net OPEB liability	\$ 4,178	\$ 683	\$ -	4,861	-

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 December 1, 2014, or upon redemption prior thereto, and bears interest on the outstanding principal at a rate of 2.49%. Interest is payable semiannually on September 1 and December 1 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, 2014 was \$2,000,000. During the year ended June 30, 2014, \$3,700,000 of principal and \$9,488 of interest was paid on the note. There were additional borrowings on the note of \$3,600,000. The Physical Plant and Equipment Levy revenues were \$ 2,234,738.

On July 7, 2014, \$2,000,000 was paid on the note.

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, 2014, the District had obligations to 27 participants with a total liability of \$408,879. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$263,342. 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.

Other long-term liabilities: 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, the District will contribute \$25,000 annually for four years to Scott Community College Foundation and \$25,000 annually for three years to fund an endowment with Pleasant Valley Educational Foundation for scholarships for the District students to attend Scott Community College.

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 313 active and 20 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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

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

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.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 224,251
Interest on net OPEB obligation	19,503
Adjustment to annual required contribution	(51,348)
Annual OPEB cost	<u>192,406</u>
Contributions made	<u>25,964</u>
Increase in net OPEB obligation	166,442
Net OPEB obligation beginning of year	776,938
Net OPEB obligation end of year	<u><u>\$ 943,380</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, 2014 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, 2012	\$ 197,827	11.4%	\$ 615,251
June 30, 2013	189,353	14.7%	776,938
June 30, 2014	192,406	13.5%	943,380

Pleasant Valley Community School District

Notes to Basic Financial Statements

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

Funded status and funding progress: As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2014, the actuarial accrued liability was \$1,505,650, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,505,650. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$23,942,000 and the ratio of the UAAL to covered payroll was 6.29 percent. As of June 30, 2014, there were no trust fund assets.

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, 2012 actuarial valuation date, the 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 with an inflation rate of 3%.

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 dollar of projected payroll expense on a closed 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, 2014, the equipment portion of the lease called for payments of \$1,600 per bus for 28 buses at 12 months per year, or an annual payment of \$37,600. The lease payments for the year ended June 30, 2014, totaled \$969,866.

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 5.95 percent of their annual covered salary and the District is required to contribute 8.93 percent of annual covered payroll for the year ended June 30, 2013. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$2,138,011, \$1,913,050, and \$1,681,046, 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, 2014 and 2013 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claim Payments	Ending
2014	\$ 554,040	\$ 3,543,918	\$ 3,550,506	\$ 547,452
2013	487,047	3,760,594	3,693,601	554,040

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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

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 \$1,638,338 for the year ended June 30, 2014 and is recorded in the General Fund.

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2014 is comprised of the following programs:

Program	Amount
Limited english proficiency	\$ 8,112
Four-year old preschool program	148,334
Market factor incentives	2,356
State decategorization	2,000
Successful progression for early readers	24,639
Model core curriculum	156,908
Other	8,816
Total	<u><u>\$ 351,165</u></u>

Note 12. Commitments

The District has entered into various contracts totaling \$7,165,903 for elementary classroom and parking lot additions and high school classroom additions and restroom upgrades. As of June 30, 2014, costs of \$6,674,012 had been incurred against the contracts. The balance of \$491,891 remaining as of June 30, 2014 will be paid as work on the projects progress.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB)

The District adopted the following statements during the year ended June 30, 2014:

GASB Statement No. 66, *Technical Corrections – 2012*. 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*. 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.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The implementation of the above statements did not have a material impact to the District's financial statements.

As of June 30, 2014, 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. 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).

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) (continued)

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, is effective for the District beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, issued November 2013, will be effective upon the implementation of GASB Statement No. 68. Beginning with the year ending June 30, 2015. This Statement amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

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

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2014**

	Governmental Funds - Actual	Enterprise Fund - Actual
Revenues:		
Local sources	\$ 21,951,902	\$ 1,413,156
State sources	25,637,106	14,184
Federal sources	798,107	475,016
Total revenues	48,387,115	1,902,356
Expenditures/expenses:		
Instruction	28,708,400	-
Support services	11,859,870	95,092
Noninstructional programs	18,959	1,731,856
Other expenditures	10,013,168	-
Total expenditures/expenses	50,600,397	1,826,948
Excess (deficiency) of revenues over (under) expenditures/expenses	(2,213,282)	75,408
Other financing sources (uses):		
Capital loan notes issued	3,600,000	-
Proceeds from sale of capital assets	11,367	-
Interfund transfers in	3,809,488	-
Interfund transfers out	(3,709,488)	(100,000)
Total other financing sources (uses)	3,711,367	(100,000)
Net change in fund balance	1,498,085	(24,592)
Balance, beginning of year	5,526,323	994,606
Balance, end of year	\$ 7,024,408	\$ 970,014

See Note to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 23,365,058	\$ 26,181,216	\$ 26,181,216	\$ (2,816,158)
25,651,290	21,101,713	21,101,713	4,549,577
1,273,123	1,089,150	1,089,150	183,973
50,289,471	48,372,079	48,372,079	1,917,392
28,708,400	28,812,484	32,835,789	4,127,389
11,954,962	11,785,775	13,701,671	1,746,709
1,750,815	1,797,609	2,611,400	860,585
10,013,168	10,455,466	10,034,000	20,832
52,427,345	52,851,334	59,182,860	6,755,515
(2,137,874)	(4,479,255)	(10,810,781)	8,672,907
3,600,000	4,000,000	4,000,000	(400,000)
11,367	-	-	11,367
3,809,488	4,302,290	4,302,290	(492,802)
(3,809,488)	(4,302,290)	(4,302,290)	492,802
3,611,367	4,000,000	4,000,000	(388,633)
1,473,493	(479,255)	(6,810,781)	8,284,274
6,520,929	6,520,929	6,520,929	-
\$ 7,994,422	\$ 6,041,674	\$ (289,852)	\$ 8,284,274

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 \$6,331,526.

During the year ended June 30, 2014, 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, 2014**

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%
2013	7/1/2012	-	1,540	1,540	0.00%	22,555	6.83%
2014	7/1/2012	-	1,506	1,506	0.00%	23,942	6.29%

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.

THIS PAGE INTENTIONALLY LEFT BLANK

Pleasant Valley Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
Assets				
Cash and pooled investments	\$ 1,334,379	\$ 756,545	\$ -	\$ 2,090,924
Receivables:				
Property tax:				
Current year	2,497	-	-	2,497
Succeeding year	620,000	-	-	620,000
Accounts	-	1,441	-	1,441
Prepaid items	-	1,774	-	1,774
Total assets	\$ 1,956,876	\$ 759,760	\$ -	\$ 2,716,636
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 46,071	\$ -	\$ 46,071
Due to other governments	2,268	-	-	2,268
Unearned revenue	-	108,839	-	108,839
Total liabilities	2,268	154,910	-	157,178
Deferred inflows of resources, Unavailable revenue-succeeding year property tax	620,000	-	-	620,000
Fund balances:				
Nonspendable	-	1,774	-	1,774
Restricted	1,334,608	603,076	-	1,937,684
Total fund balances	1,334,608	604,850	-	1,939,458
Total liabilities, deferred inflows of resources and fund balances	\$ 1,956,876	\$ 759,760	\$ -	\$ 2,716,636

Pleasant Valley Community School District

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014**

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
Revenues:				
Local sources:				
Local tax	\$ 653,637	\$ -	\$ -	\$ 653,637
Other	41,656	909,372	-	951,028
State sources	245	-	-	245
Total revenues	695,538	909,372	-	1,604,910
Expenditures:				
Current:				
Instruction	217,057	841,396	-	1,058,453
Support services:				
Student services	19,540	-	-	19,540
Instructional staff services	10,558	-	-	10,558
Administration services	68,322	744	-	69,066
Operation and maintenance of plant services	223,513	11,947	-	235,460
Transportation services	8,266	-	-	8,266
Noninstructional programs	18,844	-	-	18,844
Debt Service:				
Principal	-	-	3,700,000	3,700,000
Interest	-	-	9,488	9,488
Total expenditures	566,100	854,087	3,709,488	5,129,675
Other financing sources (uses):				
Transfers in	-	-	3,709,488	3,709,488
Total other financing sources (uses)	-	-	3,709,488	3,709,488
Net change in fund balances	129,438	55,285	-	184,723
Fund balances, beginning of year	1,205,171	549,564	-	1,754,735
Fund balances, end of year	\$ 1,334,609	\$ 604,849	\$ -	\$ 1,939,458

Pleasant Valley Community School District

Schedule of Combining Balance Sheet

Capital Project Fund - By Account

June 30, 2014

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 1,782	\$ 352,841	\$ 354,623
Receivables:			
Property tax:			
Current year	-	8,457	8,457
Succeeding year	-	2,130,000	2,130,000
Due from other governments	765,898	-	765,898
Prepaid items	-	5,696	5,696
Total assets	\$ 767,680	\$ 2,496,994	\$ 3,264,674
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	203,615	243,437	447,052
Total liabilities	203,615	243,437	447,052
Deferred Inflows of Resources:			
Unavailable revenue-succeeding year property tax	-	2,130,000	2,130,000
Unavailable revenue-statewide sales and services tax	184,032	-	184,032
Total deferred inflows of resources	184,032	2,130,000	2,314,032
Fund Balances:			
Nonspendable, prepaid items	-	5,696	5,696
Restricted for:			
Physical plant and equipment	-	117,861	117,861
School infrastructure	380,033	-	380,033
Total fund balances	380,033	123,557	503,590
Total liabilities and fund balances	\$ 767,680	\$ 2,496,994	\$ 3,264,674

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, 2014

	Capital Projects Accounts		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local sources:			
Local tax	\$ -	\$ 2,234,738	\$ 2,234,738
Other	132,625	77,164	209,789
State sources	3,668,835	810	3,669,645
Federal sources	-	-	-
Total revenues	3,801,460	2,312,712	6,114,172
Expenditures:			
Current:			
Instruction	-	300,454	300,454
Support services:			
Instructional staff services	-	19,086	19,086
Administration services	-	230,982	230,982
Operation and maintenance of plant services	-	354,729	354,729
Other expenditures, facilities acquisition	3,087,751	1,576,811	4,664,562
Debt service, interest	-	780	780
Total expenditures	3,087,751	2,482,842	5,570,593
Excess (deficiency) of revenues over (under) expenditures	713,709	(170,130)	543,579
Other financing sources (uses):			
Capital loan note issued	-	3,600,000	3,600,000
Transfers in	1,150,000	1,405,000	2,555,000
Transfers out	(1,405,000)	(4,759,488)	(6,164,488)
Total other financing sources (uses)	(255,000)	245,512	(9,488)
Net change in fund balance	458,709	75,382	534,091
Fund balance (deficit), beginning of year	(78,676)	48,175	(30,501)
Fund balance, end of year	\$ 380,033	\$ 123,557	\$ 503,590

Pleasant Valley Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary and Junior High Activities:				
P.V.J.H. Athletics	\$ 6,071	\$ 3,688	\$ 3,903	\$ 5,856
P.V.J.H. Band	444	12,415	10,822	2,037
P.V.J.H. Vocal Music	418	287	104	601
P.V.J.H. Bookstore	173	1,518	1,518	173
P.V.J.H. Drama	7,878	3,047	1,613	9,312
P.V.J.H. Chorus	3,522	5,335	6,336	2,521
P.V.J.H. General Activities	9,437	16,747	14,086	12,098
P.V.J.H. PTA	1,508	1,405	1,432	1,481
P.V.J.H. Home Economics	1,244	817	422	1,639
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	859	4,857	4,613	1,103
P.V.J.H. Weightlifting Club	703	4,470	5,140	33
P.V.J.H. Orchestra	111	3,175	2,227	1,059
P.V.J.H. Yearbook	5,274	4,909	9,045	1,138
Bridgeview Bookstore	532	93	-	625
Bridgeview General Activities	12,752	3,478	2,960	13,270
Bridgeview Student Activity	9	-	-	9
Bridgeview Vocal Music	195	208	307	96
Cody Band	3	-	-	3
Cody Book Club	529	645	760	414
Cody Bookstore	295	-	-	295
Cody Candy Sales	468	2,226	1,706	988
Cody General Activities	21,460	6,028	1,955	25,533
Cody Student Fund	429	-	-	429
Cody Vocal Music	528	200	635	93
Cody Yearbook	3,854	1,806	1,510	4,150
Cody Student Council	65	-	-	65
Cody PTA Donations	-	4,241	229	4,012
Hopewell General Activities	1,049	2,798	1,414	2,433
Hopewell PTA	7,065	13,533	12,784	7,814
Hopewell Book Club	1,111	1,299	1,574	836
Hopewell Vocal Music	4	300	51	253
Hopewell Yearbook	178	4,582	1,470	3,290
Pleasant View General Activities	10,792	7,653	2,596	15,849
Pleasant View PTA	5,156	17,821	17,688	5,289
Pleasant View Vocal Music	562	-	-	562
Pleasant View Book Club	613	2,355	2,393	575
Pleasant View Yearbook	592	7,283	5,835	2,040
Riverdale Book Club	5,880	686	325	6,241
Riverdale Bookstore	249	-	-	249
Riverdale Jump for Heart	42	-	-	42
Riverdale General Activities	11,979	8,378	4,102	16,255
Riverdale PTA	4,157	2,908	6,750	315
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, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary and Junior High Activities:				
Riverdale Science	\$ 843	\$ -	\$ -	843
Riverdale Band	500	-	-	500
Riverdale Vocal Music	213	-	96	117
Riverdale Yearbook	533	5,999	5,582	950
District-Wide Garage Sale	1,246	-	-	1,246
District-Wide Wellness	219	-	-	219
Interest	41,502	1,281	-	42,783
6th Grade Choir	353	701	-	1,054
High School Activities:				
General Administrative	1,188	4,224	3,151	2,261
Clubs and Organizations	29,219	79,524	67,463	41,280
Drama	46,513	38,019	38,486	46,046
Therapy Dog	2,049	-	1,109	940
High School Athletics	110,402	31,443	-	141,845
Sparkles	3,473	334	1,333	2,474
Music Clubs	37,913	36,954	39,149	35,718
Habitat	-	-	-	-
Knowledge Bowl	-	12,888	12,888	-
Mock Trial	-	997	997	-
Casey's Award	941	-	941	-
FCCLA	1,037	2,027	1,949	1,115
Croquet/Gentlemen's Club	151	-	-	151
PV Pals	368	872	470	770
PV Shining Stars	748	342	238	852
PVMCSA	145	-	-	145
Event Planning Class	-	3,222	3,222	-
Multi-occupations	72	-	-	72
First Robotics Club	38	5,407	5,445	-
Academic Resale	2,204	50	-	2,254
Valenian	23,644	60,377	84,021	-
Athletic Support Groups	78,488	278,009	257,083	99,414
Interest	35,182	2,745	9,393	28,534
Intrafund Transfers	-	192,766	192,766	-
Total	\$ 549,564	\$ 909,372	\$ 854,087	\$ 604,849

Pleasant Valley Community School District

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Fund

Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 27,809	\$ 86,384	\$ 89,939	\$ 24,254
Total assets	\$ 27,809	\$ 86,384	\$ 89,939	\$ 24,254
Liabilities				
Accounts payable	\$ 4,690	\$ 80,244	\$ 83,983	\$ 951
Other payables	23,119	124,191	124,007	23,303
Total liabilities	\$ 27,809	\$ 204,435	\$ 207,990	\$ 24,254

Pleasant Valley Community School District

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds - Modified Accrual Basis

Last Ten Years

	Years Ended June 30:			
	2014	2013	2012	2011
Revenues:				
Local sources:				
Local tax	\$ 18,350,434	\$ 20,666,033	\$ 19,183,890	\$ 18,102,184
Tuition	1,915,069	1,854,523	1,996,345	1,987,224
Other	1,686,399	1,463,884	1,531,422	1,499,540
State sources	25,637,106	19,450,611	18,487,056	16,628,060
Federal sources	798,107	698,506	1,350,925	886,727
Total revenues	\$ 48,387,115	\$ 44,133,557	\$ 42,549,638	\$ 39,103,735
Expenditures:				
Instruction	\$ 28,708,400	\$ 26,410,652	\$ 25,271,552	\$ 23,782,798
Support services:				
Student services	1,612,251	1,351,144	1,141,984	1,002,834
Instructional staff services	1,747,264	1,516,098	1,704,452	1,241,087
Administration services	3,955,941	3,577,108	3,496,290	3,200,486
Operation and maintenance of plant services	3,198,034	2,699,383	2,575,190	2,348,522
Transportation services	1,346,380	1,285,740	1,362,563	1,476,472
Noninstructional programs	18,959	17,808	24,476	31,633
Other expenditures:				
Facilities acquisition	4,664,562	6,185,583	6,914,507	3,707,280
Long-term debt:				
Principal	3,700,000	2,075,000	1,050,000	-
Interest and fiscal charges	10,268	2,774	13,174	-
AEA flowthrough	1,638,338	1,476,199	1,380,061	1,426,627
Total expenditures	\$ 50,600,397	\$ 46,597,489	\$ 44,934,249	\$ 38,217,739

Years Ended June 30:

2010	2009	2008	2007	2006	2005
\$ 16,347,650	\$ 16,046,535	\$ 14,640,807	\$ 13,847,708	\$ 13,203,261	\$ 12,554,703
1,870,960	1,860,076	2,065,220	1,796,259	1,713,736	1,399,116
1,428,429	1,548,385	1,323,572	1,600,321	1,575,514	1,886,916
14,308,611	16,083,230	15,093,333	13,645,019	12,432,419	11,960,868
2,563,579	939,513	494,426	429,739	488,597	338,066
<u>\$ 36,519,229</u>	<u>\$ 36,477,739</u>	<u>\$ 33,617,358</u>	<u>\$ 31,319,046</u>	<u>\$ 29,413,527</u>	<u>\$ 28,139,669</u>
\$ 22,789,053	\$ 21,884,158	\$ 20,201,496	\$ 18,647,048	\$ 13,233,621	\$ 12,464,043
989,168	985,819	828,575	863,301	1,184,164	1,404,326
1,416,350	1,354,842	1,164,236	1,143,765	2,557,612	2,183,842
3,085,309	3,048,787	2,892,734	2,694,447	2,166,720	1,991,262
2,268,270	2,358,107	2,429,130	2,110,392	1,077,201	951,153
1,359,967	1,364,899	1,255,851	1,148,507	-	-
34,120	27,014	8,482	5,619	4,376	34,014
8,479,269	2,999,831	1,730,515	2,622,079	2,713,005	3,796,019
-	17,037	100,008	94,271	110,645	-
-	109	2,869	8,606	10,086	-
1,378,910	1,213,051	1,105,685	1,013,545	924,268	871,361
<u>\$ 41,800,416</u>	<u>\$ 35,253,654</u>	<u>\$ 31,719,581</u>	<u>\$ 30,351,580</u>	<u>\$ 23,981,698</u>	<u>\$ 23,696,020</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Pleasant Valley Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

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	FY14 4552	\$ 24,618
National School Lunch Program	10.555	FY14 4553	324,018
Commodities -Department of Defense (Noncash)	10.555	FY14	23,905
Commodities (Noncash)	10.555	FY14	<u>102,475</u>
Total U.S. Department of Agriculture			<u><u>475,016</u></u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY14 4501	<u>204,773</u>
Advanced Placement Program	84.330	FY13 4654	<u>312</u>
Improving Teacher Quality State Grants	84.367	FY14 4643	<u>67,804</u>
Grants for State Assessments and Related Activities	84.369	FY14 4648	<u>22,913</u>
Mississippi Bend Area Education Agency:			
Special Education - Grants to States IDEA, Part B	84.027	FY14 4521	<u>178,430</u>
Career and Technical Education - Basic Grants to States	84.048	FY14 4531	<u>24,298</u>
Foreign Language Incentive Program	84.294	FY14	<u>839</u>
Total U.S. Department of Education			<u><u>499,369</u></u>
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY14 4577	<u>340</u>
Total expenditures of federal awards			<u><u>\$ 974,725</u></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, 2014

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, 2014. 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 position 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, 2014**

Findings	Status	Corrective Action Plan or Other Explanation
Significant Deficiency Over Federal Awards:		
2013-001 The District does not have an adequate system in place for documentation of suspension and debarment requirements.	Corrected.	
Other Findings Related to Statutory Reporting:		
IV-F-13 The District did not publish the Board minutes within two weeks of the meeting.	Corrected.	
IV-M-13 The Capital Projects Fund had a deficit fund balance.	Corrected.	

THIS PAGE INTENTIONALLY LEFT BLANK

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Pleasant Valley Community School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 3, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the District's operations for the year ended June 30, 2014 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.

Purpose of this Report

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

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
March 3, 2015

**Independent Auditor's Report on Compliance For Each
Major Federal Program and Report on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Pleasant Valley Community School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance 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, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Taylor Ridge, Illinois
March 3, 2015

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Part I: Summary of the Independent Auditor's Results

- a) Unmodified opinions were issued on the financial statements.
- b) No material weaknesses or significant deficiencies 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 or significant deficiencies over internal control over major programs were disclosed by the audit of each major program.
- e) Type of auditor's reports issued on compliance for each major program: Unmodified
- f) The audit did not disclose 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:
 - Child Nutrition Program Cluster:
 - CFDA 10.553 School Breakfast Program
 - CFDA 10.555 National School Lunch Program
- 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, 2014**

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-14

Certified Budget – Expenditures for the year ended June 30, 2014, did not exceed the amounts budgeted at year-end.

IV-B-14

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-14

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-14

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

IV-E-14

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, 2014**

IV-F-14

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

IV-G-14

Certified Enrollment-

Finding: There were variances to the October 2013 certified enrollment.

Recommendation: We recommend the District review and verify enrollment before the October 1st process.

Response and Corrective Action Plan: The District will review enrollment figures prior to submission to ensure accuracy of the information certified to the Department of Education.

Conclusion: Response accepted.

IV-H-14

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

IV-I-14

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-14

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.

IV-K-14

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

(Continued)

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

IV-L-14

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, 2014, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance	\$ (78,676)
Revenue / transfers in:	
Statewide sales and services tax revenue	3,668,835
Interest and other	132,625
Transfers in	1,150,000
Expenditures/transfers out:	
Transfers out	1,405,000
School infrastructure:	
Buildings	3,087,751
Ending balance	<u>\$ 380,033</u>

For the year ended June 30, 2014, the District reduced the debt service tax levy by \$2.74 per \$1,000 of taxable valuation as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

Pleasant Valley Community School District

**Corrective Action Plan
Year Ended June 30, 2014**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
-------------------	---------	------------------------	--------------------------------------	----------------

Other Findings Related to Required Statutory Reporting:

IV-G-14	Variances in certified enrollment for October 2013 were noted.	See response and corrective action plan at IV-G-14	Fiscal Year 2015	Mike Clingingsmith
---------	--	--	------------------	--------------------