

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

Financial Report
Year Ended June 30, 2015



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Pleasant Valley Community School District

Officials

Year Ended June 30, 2015

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	2017
Brian Strusz	Assistant Superintendent	2016
Mike Clingingsmith	Chief Financial Officer	2016
Deborah Dayman	District Secretary	2015
Joyce E. Bauwens	District Treasurer	2015
Lane & Waterman	Attorney	Indefinite

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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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 14 to the basic financial statements, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. As a result, the District's net position for governmental activities and business-type activities has been restated. Our opinions are not modified with respect to this matter.

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, budgetary comparison information, and schedules of proportionate share of the net pension liability and schedules of contributions on pages 4-17 and 52-59 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 other supplementary information, as listed in the table of contents, and the 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, and the 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 and schedule of expenditures of federal awards 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, 2006 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, 2006 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, 2006 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 1, 2016 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 1, 2016

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Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

2014-15 FINANCIAL HIGHLIGHTS

- General Fund revenues (excluding proceeds from sale of capital assets) grew by \$1,709,693 (4.2%) from \$40,668,033 in the 2013-14 fiscal year to \$42,377,726 in the 2014-15 fiscal year. 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 \$39,900,129 in the 2013-14 fiscal year to \$41,559,208 in the 2014-15 fiscal year (4.2%). 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 2014-15 revenues of \$42,377,726 and expenses of \$41,559,208 plus the proceeds from sale of capital assets of \$3,007 resulted in a net increase in fund balance in the General Fund of \$821,525. As a result, the District's General Fund balance increased from \$4,581,360 at June 30, 2014 to \$5,402,885 at June 30, 2015. This represents a 17.9% increase from the prior year.
- The District's solvency ratio (Assigned + Unassigned General Fund Balance / Actual General Fund Revenues – AEA Flowthrough) increased from 10.5% at June 30, 2014 to 12.2% at June 30, 2015.
- The District's certified enrollment (resident headcount) for the 2014-15 fiscal year (taken on October 1, 2014) was 4,386.1, an increase of 97.5 students or 2.3% over the 2013-2014 fiscal year certified enrollment of 4,288.6 (taken on October 1, 2013). The District's certified enrollment for the 2012-13 fiscal year (taken on October 1, 2012) was 4,230.0. Therefore, the District's certified enrollment grew by 58.6 students between the 2012-13 fiscal year and the 2013-14 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 decreased from \$14.74 (rounded to the nearest penny) per \$1,000 taxable valuation in the 2013-14 fiscal year to \$14.49 (rounded to the nearest penny) per \$1,000 taxable valuation in the 2014-15 fiscal year.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

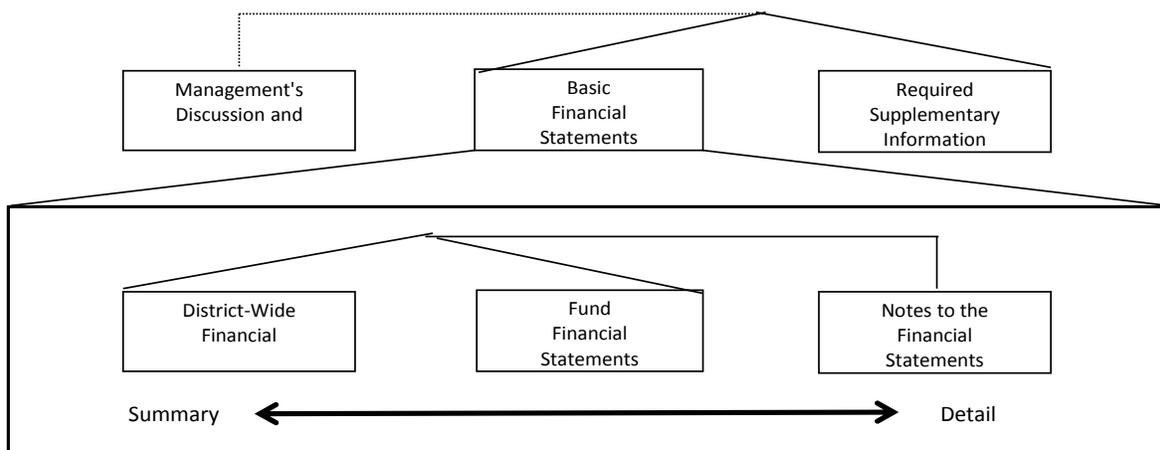
USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The government-wide financial statements consist of a Statement of Net 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 and information regarding the District's retiree health plan and pension plan.
- 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.

Figure A-1
Pleasant Valley Community School District Annual Financial Report



Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2015**

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, 2015

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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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 2014-15 were the 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.

- 2) **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 position and a statement of cash flows.

- 3) **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, 2015**

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District’s net position as of June 30, 2015 compared to June 30, 2014.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2014-15
	Restated		Restated		Restated		
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	
Current and other assets	\$ 36,024,246	\$ 33,729,017	\$ 543,206	\$ 391,295	\$ 36,567,452	\$ 34,120,312	7.2%
Capital assets	47,577,526	46,512,322	583,135	664,469	48,160,661	47,176,791	2.1%
Total assets	83,601,772	80,241,339	1,126,341	1,055,764	84,728,113	81,297,103	4.2%
Deferred outflows of resources	3,705,344	2,093,438	76,004	42,941	3,781,348	2,136,379	77.0%
Long-term liabilities	16,048,529	23,305,753	91,977	394,122	16,140,506	23,699,875	-31.9%
Other liabilities	8,172,946	7,512,472	298,416	80,889	8,471,362	7,593,361	11.6%
Total liabilities	24,221,475	30,818,225	390,393	475,011	24,611,868	31,293,236	-21.4%
Deferred inflows of resources	23,268,563	17,240,000	111,147	-	23,379,710	17,240,000	35.6%
Net position:							
Net investment in capital assets	47,577,526	44,512,322	583,135	664,469	48,160,661	45,176,791	6.6%
Restricted	3,299,023	2,972,549	10,843	11,156	3,309,866	2,983,705	10.9%
Unrestricted	(11,059,471)	(13,208,319)	106,827	(51,931)	(10,952,644)	(13,260,250)	-17.4%
Total net position	\$ 39,817,078	\$ 34,276,552	\$ 700,805	\$ 623,694	\$ 40,517,883	\$ 34,900,246	16.1%

The District’s combined net position as of June 30, 2015 grew by \$5,617,637 (16.1%) over the June 30, 2014 combined net position. Net position in the governmental activities grew by \$5,540,526 (16.2%). The net position of the District’s business-type activities increased by \$77,111 (12.4%).

The most significant factors for the increase in net position of the District were the district’s continued planned increase in its cash reserve balances in its General Fund to protect itself against potential future cuts in state funding, the increase in cash balances being escrowed in the Capital Projects Funds for building construction and building addition projects and the significant improvements in progress during the 2014-15 fiscal year at the Pleasant Valley High School Baseball and Softball fields.

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 \$326,161 (10.9%) primarily due to the increase in net position in the Management Fund, Student Activities Fund and Statewide Sales, Services and Use Tax (Capital Projects) Fund.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

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 \$2,307,606 primarily due to changes in net pension liability.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4 Changes in Net Position From Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2014-15
	Not Restated		Not Restated		Not Restated		
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	
Revenues:							
Program revenues:							
Charges for services	\$ 3,263,787	\$ 3,150,302	\$ 1,517,506	\$ 1,410,966	\$ 4,781,293	\$ 4,561,268	4.8%
Operating grants and contributions	6,028,330	5,529,965	579,884	489,200	6,608,214	6,019,165	9.8%
Capital grants and contributions	-	-	-	-	-	-	0.0%
General revenues:							
Property taxes	18,341,363	17,726,385	-	-	18,341,363	17,726,385	3.5%
State foundation aid	17,785,894	17,312,624	-	-	17,785,894	17,312,624	2.7%
Statewide sales and services tax	4,080,583	3,680,667	-	-	4,080,583	3,680,667	10.9%
Other	1,115,338	1,003,306	2,920	2,190	1,118,258	1,005,496	11.2%
Total revenues	50,615,295	48,403,249	2,100,310	1,902,356	52,715,605	50,305,605	4.8%
Expenses:							
Instruction	31,295,935	30,825,756	-	-	31,295,935	30,825,756	1.5%
Support services	12,163,012	12,970,510	116,364	95,092	12,279,376	13,065,602	-6.0%
Noninstructional	20,941	18,959	1,756,835	1,731,856	1,777,776	1,750,815	1.5%
Other	1,744,881	1,638,338	-	-	1,744,881	1,638,338	6.5%
Total expenses	45,224,769	45,453,563	1,873,199	1,826,948	47,097,968	47,280,511	-0.4%
Change in net position before transfers	5,390,526	2,949,686	227,111	75,408	5,617,637	3,025,094	85.7%
Transfers	150,000	100,000	(150,000)	(100,000)	-	-	0.0%
Increase (decrease) in net position	\$ 5,540,526	\$ 3,049,686	\$ 77,111	\$ (24,592)	\$ 5,617,637	\$ 3,025,094	85.7%

In 2014-15, local taxes (property taxes and statewide sales and services tax) and state foundation aid accounted for 79.4% 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 92.5% of the total expenses.

Total revenue for the District increased by \$2,410,000 (4.8%) in the fiscal year ended June 30, 2015. The most significant revenue category changes were due to an increase in property taxes, state foundation aid and statewide sales and services tax revenues. Property taxes received increased by \$614,978

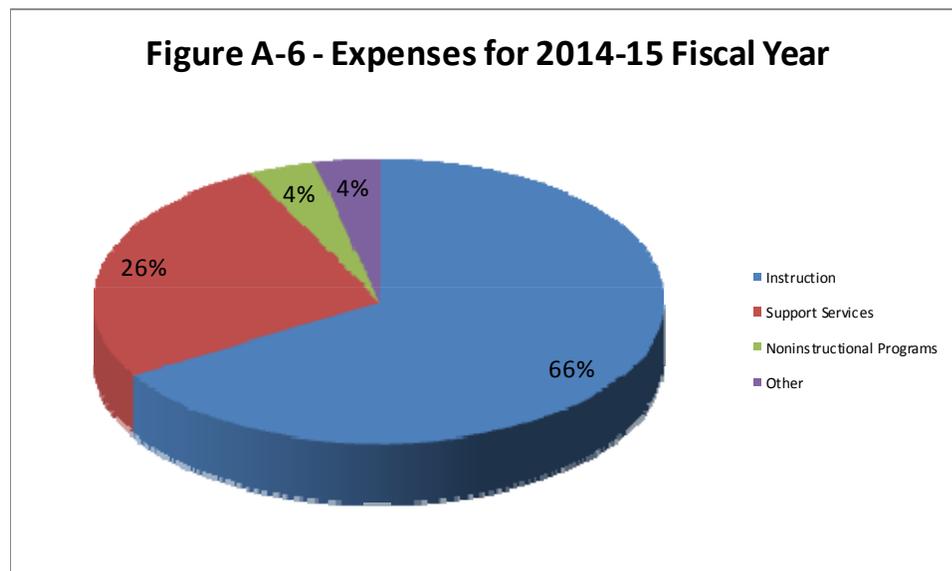
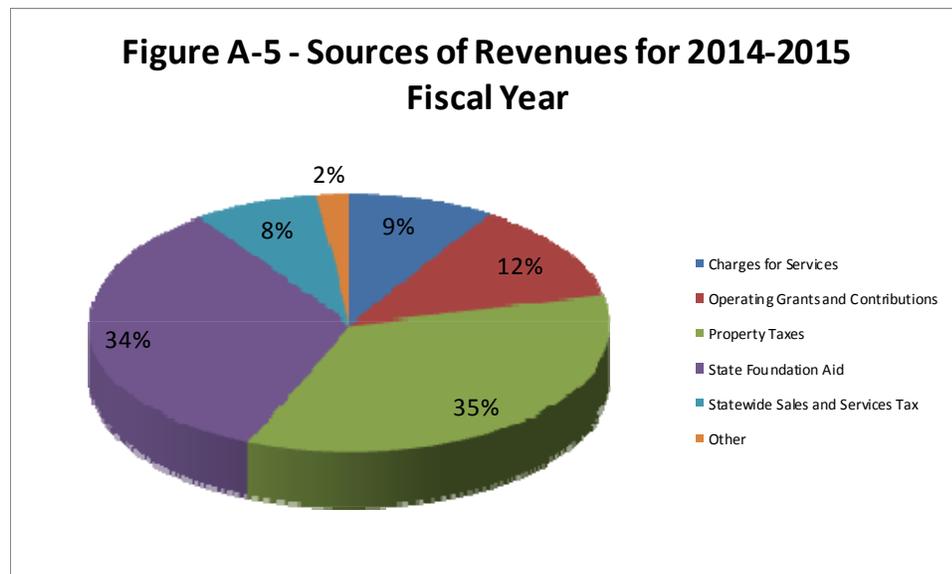
Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

(3.5%) primarily due to an increase in assessed/taxable valuations in the district. State foundation aid increased \$473,270 (2.7%) primarily due to increased enrollment and the 4.0% increase in state supplemental aid for the 2014-15 fiscal year.

Total District expenses decreased by \$182,543 (0.4%) primarily due to decreases in expenditures in the Debt Service Fund and the Statewide Sales, Services and Use Tax (Capital Projects) Fund.

Figures A-5 and A-6, which follow, show charts reflecting sources of revenue and distribution of expenses for the 2014-15 fiscal year.



Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2015**

Governmental Activities

Revenue for the District’s governmental activities in 2014-15 increased by \$2,212,046 (4.6%) from the previous year, while total expenses decreased by \$228,794 (0.5%). Governmental activities net position as of June 30, 2015 increased by \$5,540,526 (16.2%) over the June 30, 2014 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, 2015 compared to the year ended June 30, 2014.

Figure A-7 Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
			Change			Change
	June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014	
Instruction	\$ 31,295,935	\$ 30,825,756	1.53%	\$ 23,830,227	\$ 23,875,398	-0.2%
Support services	12,163,012	12,970,510	-6.23%	12,081,484	12,878,939	-6.2%
Noninstructional	20,941	18,959	10.45%	20,941	18,959	10.5%
Other	1,744,881	1,638,338	6.50%	-	-	0.0%
Total	\$ 45,224,769	\$ 45,453,563	-0.50%	\$ 35,932,652	\$ 36,773,296	-2.3%

For the year ended June 30, 2015:

- The cost financed by the users of the District’s programs was \$3,263,787.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$6,028,330.
- The net cost of governmental activities was financed with \$18,341,363 in property taxes, \$17,785,894 of unrestricted state grants, \$4,080,583 in statewide sales and services tax revenue, \$703,284 in other taxes, \$67,229 in investment earnings and \$344,825 in miscellaneous revenues.

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.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

- 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.

Business-Type Activities

The District's business-type activities include the School Nutrition Fund. Revenues of the District's business-type activities in 2014-15 were \$2,100,310; an increase of \$197,954 (10.4%) from 2013-14. 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 \$1,873,199; an increase of \$46,251 (2.5%) from 2013-14 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 \$8,130,974, which reflects an increase of \$1,106,566 (15.8%) from last year's ending fund balances of \$7,024,408. The primary reason for the increase in combined fund balances at the end of the 2014-15 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 \$821,525 (17.9%) from \$4,581,360 as of June 30, 2014 to \$5,402,885 as of June 30, 2015. 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 \$60,422 (12.0%). The statewide sales, service and use tax generated \$398,669 more in revenue in 2014-15 than in the previous fiscal year. Local tax generated from the physical plant and equipment levy was \$2,356,465 compared to the prior year \$2,234,738 which represents a \$121,727 increase from 2013-14. Total expenditures were \$5,570,593 in 2013-14 compared to \$4,639,272 in 2014-15. In the current year, major expenditures included the building additions for additional classroom space, etc. at Hopewell Elementary School, the improvements to the baseball and softball fields at Pleasant Valley High School and other facility improvements.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

- The fund balance in the Student Activities Fund increased by \$114,258 during the fiscal year due to the variance of student activities from year-to-year.
- The fund balance in the Management Fund increased by \$110,361 during 2014-15.
- The District had a Debt Service Fund in the current year to account for payment of principal and interest of \$2,001,798 on the capital loan notes issued in the current year for the Capital Projects Fund.

Proprietary Fund Highlights

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

- The net position of the Nutrition Fund increased by \$77,111 (12.4%) during 2014-15 primarily due to increased food costs.
- The net position of the Internal Service Fund increased by \$587,629 (33.2%) during 2014-15. This was mainly due to a decrease 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 \$8,558,902 more in

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

expenditures than the original certified budget for the 2014-15 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.

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 2014-15 fiscal year, the District had invested \$48,160,661 (net of accumulated depreciation of \$35,586,096) 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 \$983,870 or 2.1% 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 \$2,186,824.

Figure A-8 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	Percentage
							Change
Land	\$ 1,360,555	\$ 1,360,555	\$ -	\$ -	\$ 1,360,555	\$ 1,360,555	0.0%
Buildings	32,497,118	32,663,778	-	-	32,497,118	32,663,778	-0.5%
Improvements other than buildings	4,297,738	4,259,212	-	-	4,297,738	4,259,212	0.9%
Furniture and equipment	1,177,768	1,137,619	583,135	664,469	1,760,903	1,802,088	-2.3%
Construction in progress	8,244,347	7,091,158	-	-	8,244,347	7,091,158	16.3%
Total	\$ 47,577,526	\$ 46,512,322	\$ 583,135	\$ 664,469	\$ 48,160,661	\$ 47,176,791	2.1%

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

Long-Term Liabilities

As of June 30, 2015, the District had \$435,511 in early retirement liabilities, \$849,183 in total compensated absence liabilities, \$75,000 in other long-term liabilities, \$1,170,224 in net OPEB liability, and \$14,499,546 in net pension liability for total outstanding long-term obligations of \$17,029,464 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, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	Percentage
							Change
Capital loan notes	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000	100.0%
Early retirement	435,511	408,879	-	-	435,511	408,879	6.5%
Compensated absences	849,183	856,402	-	-	849,183	856,402	-0.8%
Other	75,000	125,000	-	-	75,000	125,000	-40.0%
Net OPEB liability	1,163,249	938,519	6,975	4,861	1,170,224	943,380	24.0%
Net pension liability	14,208,105	18,976,953	291,441	389,261	14,499,546	19,366,214	-25.1%
Total	\$ 16,731,048	\$ 23,305,753	\$ 298,416	\$ 394,122	\$ 17,029,464	\$ 23,699,875	-28.1%

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, \$125,000 in other long-term liabilities, \$943,380 in net OPEB liability, and \$19,366,214 in net pension liability for total outstanding long-term obligations of \$23,699,875.

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.

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 making it necessary for the District to begin several building addition and renovation projects over the next several years and also consider the possible need for an additional (new) elementary school. The district issued \$10,000,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds in December, 2016 to help finance these projects. Additional significant borrowing will likely be necessary over the next couple years.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2015

- The Iowa Legislature set the state supplemental aid percentage (formerly known as the allowable growth rate) at 2% for the 2014-15 fiscal year and at 4% for the 2015-16 fiscal year. The state also provided districts one-time non-recurring payments for the 2014-15 fiscal year, which equated to the same amount as an additional 2% allowable growth. The 4% growth rate set for the 2015-16 fiscal year is the largest level of growth set by the state since the 2009-10 fiscal year. The Iowa Legislature has not yet set the allowable growth rate for the 2016-17 fiscal year or the 2017-18 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 2014-15 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. The District was awarded this grant beginning in the 2015-16 fiscal year. This funding will be distributed on a per-pupil basis, which is \$312.68 per student for the 2015-16 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Pleasant Valley Community School District

Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 15,816,073	\$ 519,783	\$ 16,335,856
Receivables:			
Property tax:			
Current year	68,012	-	68,012
Succeeding year	17,850,000	-	17,850,000
Accounts	828,017	193	828,210
Due from other governments	1,388,935	-	1,388,935
Inventories	-	18,290	18,290
Prepaid expenses	73,209	4,940	78,149
Capital assets:			
Nondepreciable	9,604,902	-	9,604,902
Depreciable, net	37,972,624	583,135	38,555,759
Total assets	83,601,772	1,126,341	84,728,113
Deferred Outflows of Resources,			
pension related deferred outflows	3,705,344	76,004	3,781,348
Liabilities			
Accounts payable	1,459,645	2,383	1,462,028
Salaries and benefits payable	4,198,704	-	4,198,704
Due to other governments	972,308	-	972,308
Claims incurred but not reported	486,231	-	486,231
Unearned revenue	373,539	89,594	463,133
Long-term liabilities:			
Portion due within one year:			
Early retirement	281,680	-	281,680
Compensated absences	350,839	-	350,839
Other	50,000	-	50,000
Portion due after one year:			
Early retirement	153,831	-	153,831
Compensated absences	498,344	-	498,344
Net OPEB liability	1,163,249	6,975	1,170,224
Net pension liability	14,208,105	291,441	14,499,546
Other	25,000	-	25,000
Total liabilities	24,221,475	390,393	24,611,868
Deferred Inflows of Resources			
Deferred revenue	17,850,000	-	17,850,000
Pension related deferred inflows	5,418,563	111,147	5,529,710
Total deferred inflows of resources	23,268,563	111,147	23,379,710
Net Position			
Net investment in capital assets	47,577,526	583,135	48,160,661
Restricted for:			
Categorical funding	379,954	-	379,954
Management levy	1,442,040	-	1,442,040
Physical plant and equipment levy	41,402	-	41,402
Other special revenue purposes	715,906	-	715,906
School infrastructure	719,721	-	719,721
Other	-	10,843	10,843
Unrestricted	(11,059,471)	106,827	(10,952,644)
Total net position	\$ 39,817,078	\$ 700,805	\$ 40,517,883

See Notes to Financial Statements.

Pleasant Valley Community School District

**Statement of Activities
Year Ended June 30, 2015**

Functions/Programs	Expenses
Governmental activities:	
Instruction:	
Regular instruction	\$ 23,184,329
Special instruction	3,526,775
Other	4,584,831
	<u>31,295,935</u>
Support services:	
Student services	1,653,333
Instructional staff services	1,837,349
Administration services	3,492,635
Operation and maintenance of plant services	3,811,382
Transportation services	1,368,313
	<u>12,163,012</u>
Noninstructional programs	<u>20,941</u>
Other expenditures:	
AEA flowthrough	<u>1,744,881</u>
Total governmental activities	<u>45,224,769</u>
Business-type activities:	
Support services:	
Administration services	56,128
Operation and maintenance of plant services	60,236
	<u>116,364</u>
Noninstructional programs, food service operations	<u>1,756,835</u>
Total business-type activities	<u>1,873,199</u>
Total	<u>\$ 47,097,968</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, as restated	
Net position, end of year	

See Notes to Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 2,306,499	\$ 3,349,843	\$ -	\$ (17,527,987)	\$ -	\$ (17,527,987)
880	864,228	-	(2,661,667)	-	(2,661,667)
928,278	15,980	-	(3,640,573)	-	(3,640,573)
3,235,657	4,230,051	-	(23,830,227)	-	(23,830,227)
-	-	-	(1,653,333)	-	(1,653,333)
-	31,200	-	(1,806,149)	-	(1,806,149)
-	-	-	(3,492,635)	-	(3,492,635)
28,130	-	-	(3,783,252)	-	(3,783,252)
-	22,198	-	(1,346,115)	-	(1,346,115)
28,130	53,398	-	(12,081,484)	-	(12,081,484)
-	-	-	(20,941)	-	(20,941)
-	1,744,881	-	-	-	-
3,263,787	6,028,330	-	(35,932,652)	-	(35,932,652)
-	-	-	-	(56,128)	(56,128)
-	-	-	-	(60,236)	(60,236)
-	-	-	-	(116,364)	(116,364)
1,517,506	579,884	-	-	340,555	340,555
1,517,506	579,884	-	-	224,191	224,191
\$ 4,781,293	\$ 6,608,214	\$ -	(35,932,652)	224,191	(35,708,461)
			15,411,593	-	15,411,593
			2,268,217	-	2,268,217
			661,553	-	661,553
			4,080,583	-	4,080,583
			703,284	-	703,284
			17,785,894	-	17,785,894
			67,229	2,920	70,149
			344,825	-	344,825
			41,323,178	2,920	41,326,098
			150,000	(150,000)	-
			41,473,178	(147,080)	41,326,098
			5,540,526	77,111	5,617,637
			34,276,552	623,694	34,900,246
			\$ 39,817,078	\$ 700,805	\$ 40,517,883

Pleasant Valley Community School District

Balance Sheet
Governmental Funds
June 30, 2015

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 10,387,174	\$ 832,655	\$ 2,304,213	\$ 13,524,042
Receivables:				
Property tax:				
Current year	57,309	8,225	2,478	68,012
Succeeding year	14,960,000	2,240,000	650,000	17,850,000
Accounts	36,377	223,519	8,150	268,046
Due from other governments	540,142	845,082	3,711	1,388,935
Prepaid items	67,078	-	6,131	73,209
Total assets	\$ 26,048,080	\$ 4,149,481	\$ 2,974,683	\$ 33,172,244
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 265,553	\$ 1,141,001	\$ 43,054	\$ 1,449,608
Salaries and benefits payable	4,198,704	-	-	4,198,704
Due to other governments	963,716	7,357	1,235	972,308
Unearned revenue	257,222	-	116,317	373,539
Total liabilities	5,685,195	1,148,358	160,606	6,994,159
Deferred Inflows of Resources:				
Unavailable revenue:				
Succeeding year property tax	14,960,000	2,240,000	650,000	17,850,000
Statewide sales and services tax	-	197,111	-	197,111
Total deferred inflows of resources	14,960,000	2,437,111	650,000	18,047,111
Fund balances:				
Nonspendable	67,078	-	6,131	73,209
Restricted for:				
Categorical funding	379,954	-	-	379,954
Management levy	-	-	1,442,040	1,442,040
Physical plant and equipment levy	-	41,402	-	41,402
School infrastructure	-	522,610	-	522,610
Student activity purposes	-	-	715,906	715,906
Assigned primarily for transportation	1,854,244	-	-	1,854,244
Unassigned	3,101,609	-	-	3,101,609
Total fund balances	5,402,885	564,012	2,164,077	8,130,974
Total liabilities, deferred inflows of resources, and fund balances	\$ 26,048,080	\$ 4,149,481	\$ 2,974,683	\$ 33,172,244

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, 2015**

Total fund balances of governmental funds	\$ 8,130,974
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.	47,577,526
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	197,111
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.	2,355,734
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources	3,705,344
Deferred inflows of resources	(5,418,563)
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.	
Other long-term liabilities	(75,000)
Early retirement	(435,511)
Compensated absences	(849,183)
Net OPEB liability	(1,163,249)
Net pension liability	(14,208,105)
Net position of governmental activities	<u>\$ 39,817,078</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, 2015

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 15,998,395	\$ 2,356,465	\$ 689,787	\$ 19,044,647
Tuition	1,989,810	-	-	1,989,810
Other	634,107	75,865	965,539	1,675,511
State sources	22,932,184	4,091,380	7,152	27,030,716
Federal sources	823,230	27,782	-	851,012
Total revenues	42,377,726	6,551,492	1,662,478	50,591,696
Expenditures:				
Current:				
Instruction	28,505,129	408,655	1,098,708	30,012,492
Support services:				
Student services	1,617,314	-	36,019	1,653,333
Instructional staff services	1,812,858	9,943	14,548	1,837,349
Administration services	3,896,982	125,601	21,262	4,043,845
Operation and maintenance of plant services	2,616,307	347,641	243,805	3,207,753
Transportation services	1,365,676	-	2,637	1,368,313
	11,309,137	483,185	318,271	12,110,593
Noninstructional programs	61	-	20,880	20,941
Other expenditures:				
Facilities acquisition	-	3,747,432	-	3,747,432
AEA flowthrough	1,744,881	-	-	1,744,881
	1,744,881	3,747,432	-	5,492,313
Debt Service:				
Principal	-	-	2,000,000	2,000,000
Interest	-	-	1,798	1,798
	-	-	2,001,798	2,001,798
Total expenditures	41,559,208	4,639,272	3,439,657	49,638,137
Excess (deficiency) of revenues over (under) expenditures	818,518	1,912,220	(1,777,179)	953,559
Other financing sources (uses):				
Proceeds from sale of capital assets	3,007	-	-	3,007
Interfund transfers in	-	150,000	2,001,798	2,151,798
Interfund transfers out	-	(2,001,798)	-	(2,001,798)
Total other financing sources (uses)	3,007	(1,851,798)	2,001,798	153,007
Net change in fund balance	821,525	60,422	224,619	1,106,566
Fund balances, beginning of year	4,581,360	503,590	1,939,458	7,024,408
Fund balances, end of year	\$ 5,402,885	\$ 564,012	\$ 2,164,077	\$ 8,130,974

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, 2015**

Net change in fund balances - total governmental funds \$ 1,106,566

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	\$ 3,200,547	
Depreciation expense	(2,104,212)	
Proceeds from sale of capital assets	(3,007)	
Loss on disposal of capital asset	(28,124)	
		1,065,204

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. 13,079

The increase in net position of the Internal Service Fund represents an overcharge to the governmental funds and is incorporated into the change in net position of governmental activities. 587,629

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:

Repayment of principal on capital loan notes	2,000,000	2,000,000

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 2,195,771

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	50,000	
Pension expense	(1,233,580)	
Early retirement	(26,632)	
Compensated absences	7,219	
Net OPEB liability	(224,730)	
		(1,427,723)

Change in net position of governmental activities \$ 5,540,526

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Net Position
 Proprietary Funds
 June 30, 2015

	Enterprise Fund	
	School Nutrition	Internal Service Fund
Assets		
Cash and cash equivalents	\$ 519,783	\$ 2,292,031
Accounts receivable	193	559,971
Inventories	18,290	-
Prepaid expense	4,940	-
Capital assets, net of accumulated depreciation	583,135	-
Total assets	1,126,341	2,852,002
Deferred Outflows of Resources,		
pension related deferred outflows	76,004	-
Liabilities		
Accounts payable	2,383	10,037
Claims incurred but not reported	-	486,231
Unearned revenue, other	89,594	-
Net OPEB liability	6,975	-
Net pension liability	291,441	-
Total liabilities	390,393	496,268
Deferred Inflows of Resources,		
pension related deferred inflows	111,147	-
Net Position		
Net investment in capital assets	583,135	-
Restricted	10,843	-
Unrestricted	106,827	2,355,734
Total net position	\$ 700,805	\$ 2,355,734

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, 2015

	Enterprise Fund	
	School Nutrition	Internal Service Fund
Operating revenues:		
Local sources, charges for services	\$ 1,517,506	\$ 4,399,881
Operating expenses:		
Support services:		
Salaries	30,758	-
Benefits	5,202	3,822,772
Purchased services	43,314	-
Supplies	21,872	-
Other	15,218	-
	<u>116,364</u>	<u>3,822,772</u>
Noninstructional programs:		
Salaries	502,093	-
Benefits	113,297	-
Purchased services	363	-
Supplies	1,043,752	-
Depreciation	82,612	-
	<u>1,742,117</u>	<u>-</u>
Total operating expenses	<u>1,858,481</u>	<u>3,822,772</u>
Operating income (loss)	<u>(340,975)</u>	<u>577,109</u>
Nonoperating revenues (expenses):		
Loss on disposal of capital assets	(14,718)	-
Interest on investments	2,920	10,520
State sources	14,951	-
Federal sources	564,933	-
Total nonoperating revenues	<u>568,086</u>	<u>10,520</u>
Income before transfers	227,111	587,629
Transfers out	<u>(150,000)</u>	<u>-</u>
Change in net position	77,111	587,629
Net position, beginning of year, as restated	623,694	1,768,105
Net position, end of year	<u>\$ 700,805</u>	<u>\$ 2,355,734</u>

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2015

	Enterprise Fund School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,532,889	\$ -
Cash received from miscellaneous operating activities	-	4,286,779
Cash payments to employees for services	(668,972)	-
Cash payments to suppliers for goods or services	(926,892)	(3,885,450)
Net cash provided by (used in) operating activities	(62,975)	401,329
Cash flows from noncapital financing activities:		
Transfers to other funds	(150,000)	-
State grants received	14,951	-
Federal grants received	364,234	-
Net cash provided by noncapital financing activities	229,185	-
Cash flows (used in) capital related financing activities, Acquisition of capital assets	(15,996)	-
Cash flows from investing activities, interest on investments	2,920	10,520
Net increase in cash and cash equivalents	153,134	411,849
Cash and cash equivalents, beginning of year	366,649	1,880,182
Cash and cash equivalents, end of year	\$ 519,783	\$ 2,292,031
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (340,975)	\$ 577,109
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	82,612	-
Commodities used	200,699	-
(Increase) decrease in accounts receivable	3,273	(113,102)
Decrease in inventories	2,890	-
(Increase) in prepaid expenses	(4,940)	-
(Decrease) in accounts payable	(1,022)	(1,457)
Increase in net OPEB liability	2,114	-
(Decrease) in pension and related deferrals	(19,736)	-
(Decrease) in claims incurred but not reported	-	(61,221)
Increase in unearned revenue	12,110	-
Net cash provided by (used in) operating activities	\$ (62,975)	\$ 401,329
Schedule of noncash items: Noncapital financing activities, federal commodities	\$ 200,699	\$ -

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Assets and Liabilities

Agency Fund

June 30, 2015

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 21,059
Total assets	<u>\$ 21,059</u>
Liabilities	
Accounts payable	\$ 3,012
Other payables	18,047
Total liabilities	<u>\$ 21,059</u>

See Notes to Financial Statements.

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Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Pleasant Valley Community School District (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, deferred outflows of resources, liabilities, deferred inflows of resources 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

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, 2015. 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.

Pensions — For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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's deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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's deferred inflows of resources consist of deferred revenue and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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, 2015 consists of \$379,954 for categorical funding, \$1,442,040 for management levy purposes, \$41,402 for physical plant and equipment levy, \$715,906 for student activities, and \$719,721 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, 2015, 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, 2015 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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 2. Cash and Pooled Investments (Continued)

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

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer To	Transfer From	Amount
Capital Projects Fund	Nutrition Fund	150,000
Debt Service Fund	Capital Projects Fund	2,001,798
		<u>\$ 2,151,798</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, 2015 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	7,091,158	2,136,032	982,843	8,244,347
Total capital assets not being depreciated	8,451,713	2,136,032	982,843	9,604,902
Capital assets being depreciated:				
Buildings	56,771,005	1,390,770	-	58,161,775
Improvements other than buildings	6,564,627	350,695	-	6,915,322
Furniture and equipment	7,578,278	305,893	76,435	7,807,736
Total capital assets being depreciated	70,913,910	2,047,358	76,435	72,884,833
Less accumulated depreciation for:				
Buildings	24,107,227	1,557,430	-	25,664,657
Improvements other than buildings	2,305,415	312,169	-	2,617,584
Furniture and equipment	6,440,659	234,613	45,304	6,629,968
Total accumulated depreciation	32,853,301	2,104,212	45,304	34,912,209
Total capital assets being depreciated, net	38,060,609	(56,854)	31,131	37,972,624
Governmental activities capital assets, net	\$ 46,512,322	\$ 2,079,178	\$ 1,013,974	\$ 47,577,526
Business-type activities:				
Furniture and equipment	\$1,289,005	\$15,996	\$47,979	\$ 1,257,022
Less accumulated depreciation	624,536	82,612	33,261	673,887
Business-type activities capital assets, net	\$ 664,469	\$ (66,616)	\$ 14,718	\$ 583,135

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	\$ 1,929,224
Support services:	
Administration	96,368
Operation and maintenance of plant services	78,620
Total governmental activities depreciation expense	\$ 2,104,212
Business-type activities, food service operations	\$ 82,612

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Capital loan note	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ -
Early retirement	408,879	307,663	281,031	435,511	281,680
Compensated absences	856,402	849,183	856,402	849,183	350,839
Other long-term liabilities	125,000	-	50,000	75,000	50,000
Net OPEB liability	938,519	224,730	-	1,163,249	-
Net pension liability	18,976,953	-	4,768,848	14,208,105	-
Total	\$ 23,305,753	\$ 1,381,576	\$ 7,956,281	\$ 16,731,048	\$ 682,519
Business-type activities:					
Net OPEB liability	\$ 4,861	\$ 2,114	\$ -	\$ 6,975	\$ -
Net pension liability	389,261	-	97,820	291,441	-
Total	\$ 394,122	\$ 2,114	\$ 97,820	\$ 298,416	\$ -

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 matured on December 1, 2014, with interest on the outstanding principal at a rate of 2.49%. Interest was payable semiannually on September 1 and December 1 thereafter until maturity. The notes were payable solely from the revenues of a voter approved Physical Plant and Equipment Levy. The outstanding balance of \$2,000,000 and interest of \$1,798 was paid on July 7, 2014 and there were no additional borrowing during the fiscal year. The Physical Plant and Equipment Levy revenues were \$ 2,356,465.

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, 2015, the District had obligations to 23 participants with a total liability of \$435,511. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$281,031. 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, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 306,642
Interest on net OPEB obligation	23,585
Adjustment to annual required contribution	(60,653)
Annual OPEB cost	<u>269,574</u>
Contributions made	<u>42,730</u>
Increase in net OPEB obligation	226,844
Net OPEB obligation beginning of year	943,380
Net OPEB obligation end of year	<u><u>\$ 1,170,224</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, 2015 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, 2013	\$ 189,353	14.7%	\$ 776,938
June 30, 2014	192,406	13.5%	943,380
June 30, 2015	269,574	15.9%	1,170,224

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, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$2,126,120, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,126,120. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25,092,000 and the ratio of the UAAL to covered payroll was 8.47 percent. As of June 30, 2015, 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, 2014 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, 2015, the equipment portion of the lease called for payments of \$1,600 per bus for 30 buses at 12 months per year, or an annual payment of \$576,000. The lease payments for the year ended June 30, 2015, totaled \$1,040,894.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits (Continued)

IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The Actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District’s contributions to IPERS for the year ended June 30, 2015 were \$2,240,810.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$14,499,546 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s proportion was .00358271 percent, which was an increase of .00016233 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,258,883. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,582	\$ -
Changes of assumptions	639,898	-
Net difference between projected and actual earnings on pension plan investments	-	5,529,710
Changes in proportion and differences between District contributions and proportionate share of contributions	743,058	-
District contributions subsequent to the measurement date	2,240,810	-
Total	\$ 3,781,348	\$ 5,529,710

Deferred outflows of resources of \$2,240,810 related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (1,022,489)
2017	(1,022,489)
2018	(1,022,489)
2019	(1,022,489)
2020	100,783
Total	<u><u>\$ (3,989,172)</u></u>

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary Increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan, investment expense, Including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US equity	23%	6.31%
Non US equity	15%	6.76%
Private equity	13%	11.34%
Real estate	8%	3.52%
Core plus fixed income	28%	2.06%
Credit opportunities	5%	3.67%
TIPS	5%	1.92%
Other real assets	2%	6.27%
Cash	1%	-0.69%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 27,396,485	\$ 14,499,546	\$ 3,613,194

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits (Continued)

Payables to the Pension Plan – At June 30, 2015, the District reported payables to the defined benefit pension plan of \$184,684 for legally required employer contributions and \$123,054 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

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, 2015 and 2014 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claim Payments	Ending
2015	\$ 547,452	\$ 3,180,320	\$ 3,241,541	\$ 486,231
2014	\$ 554,040	\$ 3,543,918	\$ 3,550,506	\$ 547,452

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,744,881 for the year ended June 30, 2015 and is recorded in the General Fund.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2015 is comprised of the following programs:

Program	Amount
Four-year old preschool program	\$ 155,176
Market factor incentives	462
State decategorization	2,000
Successful progression for early readers	34,770
Model core curriculum	177,395
Other	10,151
Total	\$ 379,954

Note 12. Commitments

The District has entered into various contracts totaling \$10,416,975 for elementary and high school classroom additions, parking lot improvements and baseball and softball field additions. As of June 30, 2015, costs of \$4,691,120 had been incurred against the contracts. The balance of \$5,725,855 remaining as of June 30, 2015 will be paid as work on the projects progress.

Note 13. Governmental Accounting Standards Board (GASB)

The District adopted the following statements during the year ended June 30, 2015:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012. 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).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013. 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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

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

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, issued November 2013. 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 implementation of the above statements did not have a material impact to the District's financial statements except for GASB Statement No. 68 and No. 71 which required the District to change the accounting and reporting of pension expense, net pension liability, and the related deferred inflows of resources and deferred outflows of resources. As a result, the District's financial statements required a restatement as stated in Note 14. In addition, the new standards required new required supplementary information schedules.

As of June 30, 2015, 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. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the District beginning with its year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2016. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

Pleasant Valley Community School District

Notes to Basic Financial Statements

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2017. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2016. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 14. Accounting Change and Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB No. 27*, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business-type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business-type Activities	Nonmajor Enterprise Funds School Nutrition
Net position June 30, 2014, as previously reported	\$ 51,160,067	\$ 970,014	\$ 970,014
Net pension liability at June 30, 2014	(18,976,953)	(389,261)	(389,261)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	2,093,438	42,941	42,941
Net position July 1, 2014, as restated	<u>\$ 34,276,552</u>	<u>\$ 623,694</u>	<u>\$ 623,694</u>

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, 2015**

	Governmental Funds - Actual	Enterprise Fund - Actual
Revenues:		
Local sources	\$ 22,709,968	\$ 1,520,426
State sources	27,030,716	14,951
Federal sources	851,012	564,933
Total revenues	50,591,696	2,100,310
Expenditures/expenses:		
Instruction	30,012,492	-
Support services	12,110,593	116,364
Noninstructional programs	20,941	1,742,117
Other expenditures	7,494,111	14,718
Total expenditures/expenses	49,638,137	1,873,199
Excess (deficiency) of revenues over (under) expenditures/expenses	953,559	227,111
Other financing sources (uses):		
Proceeds from sale of capital assets	3,007	-
Interfund transfers in	2,151,798	-
Interfund transfers out	(2,001,798)	(150,000)
Total other financing sources (uses)	153,007	(150,000)
Net change in fund balance	1,106,566	77,111
Balance, beginning of year	7,024,408	623,694
Balance, end of year	\$ 8,130,974	\$ 700,805

See Notes to Required Supplementary Information.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 24,230,394	\$ 23,848,691	\$ 23,848,691	\$ 381,703
27,045,667	26,466,176	26,466,176	579,491
1,415,945	1,384,761	1,384,761	31,184
52,692,006	51,699,628	51,699,628	992,378
30,012,492	31,312,554	35,597,911	5,585,419
12,226,957	12,549,608	14,482,729	2,255,772
1,763,058	1,924,489	2,736,489	973,431
7,508,829	6,407,095	7,935,519	426,690
51,511,336	52,193,746	60,752,648	9,241,312
1,180,670	(494,118)	(9,053,020)	10,233,690
3,007	-	-	3,007
2,151,798	5,003,320	5,003,320	(2,851,522)
(2,151,798)	(5,003,320)	(5,003,320)	2,851,522
3,007	-	-	3,007
1,183,677	(494,118)	(9,053,020)	10,236,697
7,648,102	7,648,102	7,648,102	-
\$ 8,831,779	\$ 7,153,984	\$ (1,404,918)	\$ 10,236,697

Pleasant Valley Community School District

**Required Supplementary Information
 Schedule of Funding Progress for the Retiree Health Plan
 Year Ended June 30, 2015**

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)
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%
2015	7/1/2014	-	2,126	2,126	0.00%	25,092	8.47%

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

Note: Amounts reported in thousands.

Pleasant Valley Community School District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System

Last Fiscal Year*

	<u>2015</u>
District's proportion of the net pension liability	0.358271%
District's proportionate share of the net pension liability	\$ 14,499,546
District's covered-employee payroll	\$ 25,092,356
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.78%
Plan fiduciary net pension as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note 1: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See Notes to Required Supplementary Information.

Pleasant Valley Community School District

**Required Supplementary Information
Schedule of District Contributions (in Thousands)
Iowa Public Employees' Retirement System
Last Ten Fiscal Years**

	2015	2014	2013	2012
Statutorily required contribution	\$ 2,241	\$ 2,138	\$ 1,913	\$ 1,681
Contributions in relation to the statutorily required contribution	\$ (2,241)	\$ (2,138)	\$ (1,913)	\$ (1,681)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 25,092	\$ 23,942	\$ 22,065	\$ 20,831
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See Notes to Required Supplementary Information.

2011	2010	2009	2008	2007	2006
\$ 1,345	\$ 1,295	\$ 1,178	\$ 1,030	\$ 922	\$ 849
\$ (1,345)	\$ (1,295)	\$ (1,178)	\$ (1,030)	\$ (922)	\$ (849)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 19,345	\$ 19,472	\$ 18,551	\$ 17,023	\$ 16,031	\$ 14,760
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

Pleasant Valley Community School District

Notes to Required Supplementary Information

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 \$8,558,902.

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted.

Note 2. Iowa Public Employees' Retirement System Pension Liability

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailors, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Pleasant Valley Community School District

Note to Required Supplementary Information

Note 2. Iowa Public Employees' Retirement System Pension Liability (Continued)

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year leg between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Pleasant Valley Community School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue			Total
	Management Levy	Student Activity	Debt Service	
Assets				
Cash and pooled investments	\$ 1,435,851	\$ 868,362	\$ -	\$ 2,304,213
Receivables:				
Property tax:				
Current year	2,478	-	-	2,478
Succeeding year	650,000	-	-	650,000
Accounts	-	8,150	-	8,150
Due from other governments	3,711	-	-	3,711
Prepaid items	2,929	3,202	-	6,131
Total assets	\$ 2,094,969	\$ 879,714	\$ -	\$ 2,974,683
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 43,054	\$ -	\$ 43,054
Due to other governments	-	1,235	-	1,235
Unearned revenue	-	116,317	-	116,317
Total liabilities	-	160,606	-	160,606
Deferred inflows of resources, Unavailable revenue-succeeding year property tax	650,000	-	-	650,000
Fund balances:				
Nonspendable	2,929	3,202	-	6,131
Restricted	1,442,040	715,906	-	2,157,946
Total fund balances	1,444,969	719,108	-	2,164,077
Total liabilities, deferred inflows of resources and fund balances	\$ 2,094,969	\$ 879,714	\$ -	\$ 2,974,683

Pleasant Valley Community School District

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015**

	Special Revenue		Debt Service	Total
	Management Levy	Student Activity		
Revenues:				
Local sources:				
Local tax	\$ 689,787	\$ -	\$ -	\$ 689,787
Other	20,335	945,204	-	965,539
State sources	7,152	-	-	7,152
Total revenues	717,274	945,204	-	1,662,478
Expenditures:				
Current:				
Instruction	276,564	822,144	-	1,098,708
Support services:				
Student services	36,019	-	-	36,019
Instructional staff services	14,548	-	-	14,548
Administration services	19,353	1,909	-	21,262
Operation and maintenance of plant services	236,912	6,893	-	243,805
Transportation services	2,637	-	-	2,637
Noninstructional programs	20,880	-	-	20,880
Debt Service:				
Principal	-	-	2,000,000	2,000,000
Interest	-	-	1,798	1,798
Total expenditures	606,913	830,946	2,001,798	3,439,657
Excess (deficiency) of revenues over (under) expenditures	110,361	114,258	(2,001,798)	(1,777,179)
Other financing sources:				
Transfers in	-	-	2,001,798	2,001,798
Total other financing sources (uses)	-	-	2,001,798	2,001,798
Net change in fund balances	110,361	114,258	-	224,619
Fund balances, beginning of year	1,334,608	604,850	-	1,939,458
Fund balances, end of year	\$ 1,444,969	\$ 719,108	\$ -	\$ 2,164,077

Pleasant Valley Community School District

Schedule of Combining Balance Sheet

Capital Project Fund - By Account

June 30, 2015

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 449,899	\$ 382,756	\$ 832,655
Receivables:			
Property tax:			
Current year	-	8,225	8,225
Succeeding year	-	2,240,000	2,240,000
Accounts	-	223,519	223,519
Due from other governments	827,938	17,144	845,082
Total assets	\$ 1,277,837	\$ 2,871,644	\$ 4,149,481
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	558,116	582,885	1,141,001
Due to other governments	-	7,357	7,357
Total liabilities	558,116	590,242	1,148,358
Deferred Inflows of Resources:			
Unavailable revenue-succeeding year property tax	-	2,240,000	2,240,000
Unavailable revenue-statewide sales and services tax	197,111	-	197,111
Total deferred inflows of resources	197,111	2,240,000	2,437,111
Fund Balances:			
Restricted for:			
Physical plant and equipment	-	41,402	41,402
School infrastructure	522,610	-	522,610
Total fund balances	522,610	41,402	564,012
Total liabilities and fund balances	\$ 1,277,837	\$ 2,871,644	\$ 4,149,481

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, 2015

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 2,356,465	\$ 2,356,465
Other	66,958	8,907	75,865
State sources	4,067,504	23,876	4,091,380
Federal sources	-	27,782	27,782
Total revenues	4,134,462	2,417,030	6,551,492
Expenditures:			
Current:			
Instruction	-	408,655	408,655
Support services:			
Instructional staff services	-	9,943	9,943
Administration services	-	125,601	125,601
Operation and maintenance of plant services	-	347,641	347,641
Other expenditures, facilities acquisition	916,885	2,830,547	3,747,432
Total expenditures	916,885	3,722,387	4,639,272
Excess (deficiency) of revenues over (under) expenditures	3,217,577	(1,305,357)	1,912,220
Other financing sources (uses):			
Transfers in	150,000	3,225,000	3,375,000
Transfers out	(3,225,000)	(2,001,798)	(5,226,798)
Total other financing sources (uses)	(3,075,000)	1,223,202	(1,851,798)
Net change in fund balance	142,577	(82,155)	60,422
Fund balance, beginning of year	380,033	123,557	503,590
Fund balance, end of year	\$ 522,610	\$ 41,402	\$ 564,012

Pleasant Valley Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary and Junior High Activities:				
P.V.J.H. Athletics	\$ 5,856	\$ 2,470	\$ 2,289	\$ 6,037
P.V.J.H. Band	2,037	14,612	15,095	1,554
P.V.J.H. Vocal Music	601	1,035	562	1,074
P.V.J.H. Bookstore	173	1,699	1,699	173
P.V.J.H. Drama	9,312	4,831	6,143	8,000
P.V.J.H. Chorus	2,521	8,137	9,361	1,297
P.V.J.H. General Activities	12,098	17,687	19,130	10,655
P.V.J.H. PTA	1,481	1,017	1,011	1,487
P.V.J.H. Home Economics	1,639	226	168	1,697
P.V.J.H. Quest Program	327	-	-	327
P.V.J.H. Science	14	-	-	14
P.V.J.H. Special Olympics	197	-	-	197
P.V.J.H. Student Council	1,103	1,690	1,341	1,452
P.V.J.H. Weightlifting Club	33	4,290	4,323	-
P.V.J.H. Orchestra	1,059	3,780	3,766	1,073
P.V.J.H. Yearbook	1,138	12,327	11,768	1,697
Bridgeview Bookstore	625	-	-	625
Bridgeview General Activities	13,270	3,369	1,908	14,731
Bridgeview Student Activity	9	-	-	9
Bridgeview Vocal Music	96	200	249	47
Cody Band	3	-	-	3
Cody Book Club	414	490	1	903
Cody Bookstore	295	-	-	295
Cody Candy Sales	988	2,514	2,436	1,066
Cody General Activities	25,533	6,682	2,529	29,686
Cody Student Fund	429	-	-	429
Cody Vocal Music	93	442	535	-
Cody Yearbook	4,150	1,762	1,513	4,399
Cody Student Council	65	-	-	65
Cody PTA Donations	4,012	8,475	12,487	-
Hopewell General Activities	2,433	8,363	2,789	8,007
Hopewell PTA	7,814	49,649	37,291	20,172
Hopewell Book Club	836	1,386	1,629	593
Hopewell Vocal Music	253	200	197	256
Hopewell Yearbook	3,290	5,459	6,225	2,524
Pleasant View General Activities	15,849	6,755	4,258	18,346
Pleasant View PTA	5,289	21,810	19,270	7,829
Pleasant View Vocal Music	562	-	-	562
Pleasant View Book Club	575	2,374	2,523	426
Pleasant View Yearbook	2,040	7,999	8,997	1,042
Riverdale Book Club	6,241	775	2,431	4,585

(Continued)

Pleasant Valley Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts (Continued)
 Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary and Junior High Activities:				
Riverdale Bookstore	\$ 249	\$ -	\$ -	\$ 249
Riverdale Jump for Heart	42	-	-	42
Riverdale General Activities	16,255	3,688	3,535	16,408
Riverdale PTA	315	3,022	2,062	1,275
Riverdale Student Council	1,652	-	-	1,652
Riverdale Science	843	-	-	843
Riverdale Band	500	-	-	500
Riverdale Vocal Music	117	-	2	115
Riverdale Yearbook	950	6,351	6,097	1,204
District-Wide Garage Sale	1,246	-	12	1,234
District-Wide Wellness	219	-	-	219
Interest	42,783	1,296	-	44,079
6th Grade Choir	1,054	285	-	1,339
High School Activities:				
General Administrative	2,261	2,887	2,955	2,193
Clubs and Organizations	43,535	247,940	236,851	54,624
Drama	46,046	45,682	41,959	49,769
Therapy Dog	940	-	367	573
High School Athletics	141,845	59,877	40,165	161,557
Sparkles	2,474	50	188	2,336
Music Clubs	35,718	40,750	32,778	43,690
Habitat	-	55	-	55
FCCLA	1,115	-	-	1,115
Croquet/Gentlemen's Club	151	-	-	151
PV Pals	770	555	399	926
PV Shining Stars	852	241	215	878
PVMCSA	145	-	-	145
Multi-occupations	72	-	-	72
First Robotics Club	-	4,125	3,987	138
Valenian	-	61,211	61,211	-
Athletic Support Groups	99,414	388,836	349,242	139,008
Interest	28,534	10,851	-	39,385
Intrafund Transfers	-	135,003	135,003	-
Total	\$ 604,850	\$ 945,204	\$ 830,946	\$ 719,108

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Pleasant Valley Community School District

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Fund

Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 24,254	\$ 34,270	\$ 37,465	\$ 21,059
Total assets	\$ 24,254	\$ 34,270	\$ 37,465	\$ 21,059
Liabilities				
Accounts payable	\$ 951	\$ 38,605	\$ 36,544	\$ 3,012
Other payables	23,303	47,024	52,280	18,047
Total liabilities	\$ 24,254	\$ 85,629	\$ 88,824	\$ 21,059

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:			
	2015	2014	2013	2012
Revenues:				
Local sources:				
Local tax	\$ 19,044,647	\$ 18,350,434	\$ 20,666,033	\$ 19,183,890
Tuition	1,989,810	1,915,069	1,854,523	1,996,345
Other	1,675,511	1,686,399	1,463,884	1,531,422
State sources	27,030,716	25,637,106	19,450,611	18,487,056
Federal sources	851,012	798,107	698,506	1,350,925
Total revenues	\$ 50,591,696	\$ 48,387,115	\$ 44,133,557	\$ 42,549,638
Expenditures:				
Instruction	\$ 30,012,492	\$ 28,708,400	\$ 26,410,652	\$ 25,271,552
Support services:				
Student services	1,653,333	1,612,251	1,351,144	1,141,984
Instructional staff services	1,837,349	1,747,264	1,516,098	1,704,452
Administration services	4,043,845	3,955,941	3,577,108	3,496,290
Operation and maintenance of plant services	3,207,753	3,198,034	2,699,383	2,575,190
Transportation services	1,368,313	1,346,380	1,285,740	1,362,563
Noninstructional programs	20,941	18,959	17,808	24,476
Other expenditures:				
Facilities acquisition	3,747,432	4,664,562	6,185,583	6,914,507
Long-term debt:				
Principal	2,000,000	3,700,000	2,075,000	1,050,000
Interest and fiscal charges	1,798	10,268	2,774	13,174
AEA flowthrough	1,744,881	1,638,338	1,476,199	1,380,061
Total expenditures	\$ 49,638,137	\$ 50,600,397	\$ 46,597,489	\$ 44,934,249

Years Ended June 30:

2011	2010	2009	2008	2007	2006
\$ 18,102,184	\$ 16,347,650	\$ 16,046,535	\$ 14,640,807	\$ 13,847,708	\$ 13,203,261
1,987,224	1,870,960	1,860,076	2,065,220	1,796,259	1,713,736
1,499,540	1,428,429	1,548,385	1,323,572	1,600,321	1,575,514
16,628,060	14,308,611	16,083,230	15,093,333	13,645,019	12,432,419
886,727	2,563,579	939,513	494,426	429,739	488,597
<u>\$ 39,103,735</u>	<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>
\$ 23,782,798	\$ 22,789,053	\$ 21,884,158	\$ 20,201,496	\$ 18,647,048	\$ 13,233,621
1,002,834	989,168	985,819	828,575	863,301	1,184,164
1,241,087	1,416,350	1,354,842	1,164,236	1,143,765	2,557,612
3,200,486	3,085,309	3,048,787	2,892,734	2,694,447	2,166,720
2,348,522	2,268,270	2,358,107	2,429,130	2,110,392	1,077,201
1,476,472	1,359,967	1,364,899	1,255,851	1,148,507	-
31,633	34,120	27,014	8,482	5,619	4,376
3,707,280	8,479,269	2,999,831	1,730,515	2,622,079	2,713,005
-	-	17,037	100,008	94,271	110,645
-	-	109	2,869	8,606	10,086
1,426,627	1,378,910	1,213,051	1,105,685	1,013,545	924,268
<u>\$ 38,217,739</u>	<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>

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Pleasant Valley Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015**

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	FY15 4552	\$ 24,976
National School Lunch Program	10.555	FY15 4553	339,258
Commodities -Department of Defense (Noncash)	10.555	FY15	79,998
Commodities (Noncash)	10.555	FY15	120,701
Total U.S. Department of Agriculture			<u>564,933</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY15 4501	<u>162,326</u>
Special Education-Grants to States IDEA, Part B	84.027	FY15 4525	<u>16,048</u>
Safe and Drug-Free Schools & Communities-National Programs	84.184	FY15 4647	<u>4,786</u>
Title III-English Language Acquisition State Grants	84.365	FY15 4644	<u>4,170</u>
Title 11A Federal Teacher Quality Program	84.367	FY15 4643	<u>66,132</u>
Grants for State Assessments and Related Activities Title VI	84.369	FY15 4648	<u>21,160</u>
Mississippi Bend Area Education Agency:			
Special Education - Grants to States IDEA, Part B	84.027	FY15 4521	<u>181,399</u>
Career and Technical Education - Basic Grants to States	84.048	FY15 4531	<u>23,097</u>
Foreign Language Incentive Program	84.294	FY15 4644	<u>24,019</u>
Total U.S. Department of Education			<u>503,137</u>
Total expenditures of federal awards			<u>\$ 1,068,070</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, 2015

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, 2015. 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, 2015**

	Findings	Status	Corrective Action Plan or Other Explanation
Other Findings Related to Statutory Reporting:			
IV-G-14	Variances in certified enrollment for October 2013 were noted	Not corrected	See IV-G-15

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

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

We have audited, 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, 2015, 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 1, 2016. Our report included an emphasis of matter paragraph for the implementation of Governmental Accounting Standard Board Statement No. 68.

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, 2015 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 1, 2016



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, 2015. 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, 2015.

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 1, 2016

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

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, 2015**

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-15

Certified Budget – Expenditures for the year ended June 30, 2015, did not exceed the amounts budgeted at year-end.

IV-B-15

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-15

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-15

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

IV-E-15

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, 2015**

IV-F-15

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

IV-G-15

Certified Enrollment-

Finding: There were variances to the October 2014 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-15

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

IV-I-15

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-15

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-15

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, 2015**

IV-L-15

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, 2015, the District reported the following information regarding the statewide sales and services tax revenue in the District’s CAR:

Beginning balance	\$	380,033
Revenue / transfers in:		
Statewide sales and services tax revenue		4,067,504
Interest and other		66,958
Transfers in		150,000
Expenditures/transfers out:		
Transfers out		3,225,000
School infrastructure:		
Buildings		916,885
Ending balance	\$	<u>522,610</u>

For the year ended June 30, 2015, 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.

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	_____	_____
Debt service levy	\$ 2.74000	\$ 4,067,504

Pleasant Valley Community School District

**Corrective Action Plan
Year Ended June 30, 2015**

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

IV-G-15	Variances in certified enrollment for October 2014 were noted.	See response and corrective action plan at IV-G-15	Fiscal Year 2016	Mike Clingingsmith
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