

Comprehensive Annual Financial Report Pleasant Valley Community School District Bettendorf, Iowa



For the Fiscal Year Ended June 30, 2016

Comprehensive Annual Financial Report of the

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

For the Fiscal Year Ended June 30, 2016

Official Issuing Report

Mike Clingingsmith, Chief Financial Officer

Office Issuing Report

Administration Center

Table of Contents

INTRODUCTORY SECTION (Unaudited)

| | |
|--|------------|
| Table of contents | i – ii |
| Letter of transmittal | iii – viii |
| Board of education and school district officials | ix |
| Organizational chart | x |

FINANCIAL SECTION

| | |
|--|---------|
| Independent auditor's report | 1 – 3 |
| Management's discussion and analysis | 4 – 17 |
| Basic financial statements: | |
| District-wide financial statements: | |
| Statement of net position | 18 |
| Statement of activities | 19 – 20 |
| Governmental fund financial statements: | |
| Balance sheet | 21 |
| Reconciliation of the balance sheet – governmental funds to the statement of net position | 22 |
| Statement of revenues, expenditures and changes in fund balances | 23 |
| Reconciliation of the statement of revenues, expenditures and changes in fund balances – governmental funds to the statement of activities | 24 |
| Proprietary fund financial statements: | |
| Statement of net position | 25 |
| Statement of revenues, expenses and changes in net position | 26 |
| Statement of cash flows | 27 |
| Fiduciary fund financial statements: | |
| Statement of fiduciary assets and liabilities | 28 |
| Notes to financial statements | 29 – 49 |
| Required supplementary information: | |
| Schedule of funding progress for the retiree health plan | 50 |
| Budgetary comparison schedule of revenues, expenditures/expenses and changes in balances –budget and actual – all governmental funds and enterprise fund | 51 - 52 |
| Iowa Public Employees' Retirement System | |
| Schedule of the District's proportionate share of the net pension liability | 53 |
| Schedule of District contributions (in thousands) | 54 - 55 |
| Notes to required supplementary information | 56 - 57 |
| Other supplementary information: | |
| Nonmajor governmental funds – combining balance sheet | 58 |
| Nonmajor governmental funds – combining schedule of revenues, expenditures and changes in fund balances | 59 |
| Schedule of combining balance sheet, capital projects fund-by account | 60 |
| Schedule of combining statement of revenues, expenditures and changes in fund balances, capital projects fund-by account | 61 |
| Schedule of changes in special revenue fund, student activity accounts | 62 – 63 |
| Schedule of changes in fiduciary assets and liabilities, agency fund | 64 |

Table of Contents

STATISTICAL SECTION (UNAUDITED)

| | |
|--|---------|
| Statistical section contents | 65 |
| Net position by component | 66- 67 |
| Expenses, program revenues and net (expense)/revenue | 68- 69 |
| General revenues and total change in net position | 70- 71 |
| Fund balances, governmental funds | 72- 73 |
| Governmental funds revenues | 74- 75 |
| Governmental funds expenditures and debt service ratio | 76- 77 |
| Other financing sources and uses and net change in fund balances, governmental funds | 78- 79 |
| Assessed value and actual value of taxable property | 80 |
| Direct and overlapping property tax rates | 81- 82 |
| Principal property tax payers | 83 |
| Property tax levies and collections | 84 |
| Outstanding debt by type | 85 |
| Ratio of net bonded debt to assessed values | 86 |
| Legal debt margin information | 87- 88 |
| Direct and overlapping governmental activities debt | 89 |
| Pledged-revenue coverage | 90 |
| Demographic and economic statistics | 91 |
| Principal employers | 92 |
| Full-time equivalent district employees by type | 93 - 94 |
| Operating statistics | 95 - 96 |
| School building information | 97 - 98 |
| Average salary by education level | 99-100 |

COMPLIANCE SECTION

| | |
|--|---------|
| Schedule of expenditures of federal awards | 101 |
| Notes to the schedule of expenditures of federal awards | 102 |
| Summary schedule of prior audit findings | 103 |
| 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 | 104-105 |
| Independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance | 106-107 |
| Schedule of findings and questioned costs | 108-110 |



December 12, 2016

Ms. Heather Witters, Board President
and Members of the Board of
Education and Citizens of
Pleasant Valley Community School District

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the Pleasant Valley Community School District, (the "District") for the year ending June 30, 2016. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

The report presents the financial information of the District accurately and concisely. It is comprehensive, yet easily readable. The Comprehensive Annual Financial Report will be submitted for the first time to the Association of School Business Officials of the United States and Canada (ASBO) for review for the ASBO Certificate of Excellence and to the Government Finance Officers Association (GFOA) for the GFOA Certificate of Achievement.

This letter of transmittal is designed to complement the Management's Discussion and Analysis included within the financial section of the CAFR and should be read in conjunction with it.

Management Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes the entire District. The District is not included in any other reporting entity, nor is any other entity included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

Basis of Accounting and Accounting System

The District's accounting records for general operations are maintained on a modified accrual basis, with the revenue being accrued when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities are incurred. Accounting records for the District's nutrition program and internal service fund are maintained on the accrual basis. All the District's funds are presented in this report and have been audited by the District's independent certified public accountants, Bohnsack & Frommelt LLP, Certified Public Accountants. Bohnsack & Frommelt LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Pleasant Valley Community School District's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

The chart of accounts used by the District is in conformance with the revised Uniform Accounting System for Iowa Schools and Area Education Agencies 2009 Edition. The chart of accounts manual is updated on an annual basis.

In developing and evaluating the accounting system of the school District, much consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the internal accounting controls of the school District adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Profile of the Government

Located in the Quad City Metropolitan area of eastern Iowa, the Pleasant Valley Community School District serves the education needs of approximately 4,500 students in preschool through twelfth grade. The District has five K-6 elementary schools, one 7-8 junior high, and one 9-12 high school. All buildings are air-conditioned and equipped with state of the art technology. The District was organized in 1962 and encompasses 44 square miles of eastern Scott County including the towns of LeClaire, Panorama Park, Riverdale, the village of Pleasant Valley and over one half of the City of Bettendorf. Within its borders is found a rich blend of urban, rural, suburban and small town living. The economic makeup of the district includes some of the richest farmland in the nation in concert with exceptional commercial and industrial enterprises. The school district serves as the focal point for the total community since it is the one institution that cuts across the political, social, and economic boundaries and provides a common interest. As a result, community involvement in education is high at all levels.

The District is supported financially by state aid, property taxes, state and federal grants for special projects and local revenue. The District is governed by a seven-member board of education. The elections are held in September of odd-numbered years. Three and four positions are up for election on alternate odd-numbered years. The District is divided into seven geographical director districts. Each member of the school board serves a particular geographical director district.

The combined financial statements include all funds, organizations, agencies, boards, commissions and other 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 criteria considered in determining financial accountability 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.

Local Economy

The Quad Cities is a bi-state, six county region in western Illinois and eastern Iowa where the Mississippi River and Interstate 80 intersect with a population of nearly 500,000 people. The region is a manufacturing, technology and logistics hub that offers big-city amenities plus a low cost of living, high-quality schools, short commute times, and a technically skilled labor pool. The region also provides convenient transportation to major Midwest markets, with 37 million people living within 300 miles of the Quad Cities.

In the defense industry, the Quad Cities houses the Rock Island Arsenal, a U.S. Army Military installation that is a critical part of the Army's global distribution network. The Arsenal is a joint base serving as the home of U.S. Army logistics, manufacturing, training and engineering.

The Quad Cities is also home to the world headquarters of Deere & Company. Deere & Company has approximately 8,200 employees in the Quad Cities.

Other large employers in the Quad Cities include Genesis and UnityPoint Hospitals, Hy-Vee grocery stores and ALCOA (now known as "Arconic" in the Quad Cities). The Arconic aluminum manufacturing plant is located within the boundaries of the Pleasant Valley Community School District and employs approximately 2,194 employees.

Debt Administration

As of June 30, 2016 the District had \$10,000,000 of debt applicable to its legal debt margin. This amount is well below the District's bonding capacity of \$123,450,880.

Financial Policies

The District invests in only those securities allowed by the Code of Iowa, Chapter 12C. The District's cash and pooled investments consist of depository accounts at financial institutions including short-term nonnegotiable certificate of deposits. The cash balances of the District's funds are pooled. Interest revenue of \$87,857 was earned on all deposits and investments for the fiscal year ending June 30, 2016.

The District currently covers property and liability losses with traditional insurance coverage. The group health and dental plan is self-funded with stop loss policies purchased for both specific and group aggregate limits.

Budgeting

The District's Board of Education annually adopts a budget and approves the related appropriations for the General, Special Revenue, Debt Service, Capital Projects and Enterprise Funds in accordance with provisions outlined in the statutes of the State of Iowa. The budgets are prepared on an accrual basis, which details estimates of GAAP revenues and GAAP expenditures, and use of beginning fund balances, whereas the financial statements of the funds are prepared on either the modified accrual basis or accrual basis of accounting. A statement comparing the budget to actual receipts and disbursements is included in the required supplemental information in aggregate form for fund types for which budgets are required. For management control, the budget is reviewed on a line item basis. Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type.

Enrollment Projections

The Pleasant Valley Community School District currently serves approximately 4,650 students. The District continues to experience significant annual growth with an approximately 214 student increase in certified enrollment in the 2016-17 fiscal year. The District has experienced an average annual growth in certified enrollment of 123.6 students per year for the last decade from school year June 2007 through June 2016. The District is expected to see continued growth in enrollment. This continued growth presents infrastructure challenges that are being addressed through the District's long range planning process.

Major Initiatives and Achievements

An important element in maintaining an excellent educational program is the management of fiscal and capital resources. The District's use of a long-range planning process, a growing enrollment and an increasing property tax base have helped to achieve and maintain the following results:

- Salary and benefit schedules that attract and retain a high quality faculty and staff
- Excellent facilities and equipment maintained and updated on an ongoing basis
- Broad community support for bond referendums, Instructional Support Levy, local option sales tax for school infrastructure and voted Physical Plant and Equipment Levy (PPEL)

The District has 331 certified teachers under contract in the District. 63% of the teachers have a master's degree and / or graduate hours beyond their master's. 82% of the teaching staff has taught five years or more. The development of life-long learners is a key strategic goal. The District models this expectation in the selection, professional development, and retention of its faculty and staff. Supporting the belief that quality teaching is the single most important variable a District can influence. The District provides:

- A rigorous two-year mentoring program for all beginning teachers
- Ongoing professional development
- An emphasis on the study and acquisition of "best practice" in the field of education

The Pleasant Valley Community School District released design plans for what will be a major expansion and renovation of Pleasant Valley High School (PVHS). Because of continued growth, PVHS needs more room for just about everything from science classrooms to music storage to athletic practice space. On August 2016, the School Board approved design plans for the project, which is scheduled to start in the spring of 2017 and is scheduled to be finished for the beginning of the 2018-19 school year. The design includes the following:

- A three story building containing ten classrooms.
- A new auxiliary gym
- Music rehearsal room
- Multi-purpose athletic room to provide space for wrestling, dance and cheer practice
- New hallway to connect the entire school east to west
- New main entrance to the building which will include the main office and commons area for students to study and collaborate.

In addition, the District is proud of its academic, activities and athletics programs, which includes the following highlights from the 2015-16 school year:

Academics:

- 6 National Merit Scholar Semi-Finalists, and 7 National Merit Commended students
- 86% of the class of 2016 graduates intend to pursue post-secondary education/training
- 100% of the graduates took a minimum of four years of English
- 100% of the graduates took a minimum of three years of Math, Science and Social Studies
- 82% of the senior class participated in one or more school activities (extra-curricular, athletics, band, drama) during their high school career
- 100% of the senior graduates were involved in service to their community contributing 25,602 hours toward the betterment of the Quad Cities with their efforts.

Activities:

- 800+ band members in grades 6-12
- 9 students received All-State Band Honors
- 1 student received All-State Jazz Band Honors
- 549 choir members in grades 6-12
- 23 choir students accepted to the Iowa All-State Choir and 4 students accepted into the Iowa All-State Jazz Choir
- Approximately 315 Drama participants in grades 7-12
- 1 drama student selected for All-State Large Group: Solo Mime
- 2 drama students selected for All-State Individual Events: Solo Improvisation and Prose
- 346 Orchestra participants
- 5 students selected to the Iowa All-State Orchestra

Athletics:

Mississippi Athletic Conference Champions in the following sports:

- Boys Cross Country
- Football (District Champs)
- Girls Swimming & Diving
- Girls Soccer
- Boys Basketball
- Girls Track & Field
- Boys Track & Field
- Girls Golf
- Boys Tennis
- Girls Tennis

State Runner-Up:

- Girls Track & Field
- Girls Cross Country
- Girls Tennis
- Co-Ed Tennis
- Softball
- Girls Swimming & Diving
- Platinum Dance Team (Poms)

State Championships:

- Platinum Dance Team (Jazz)
- Boys Tennis – 2A Doubles Champions

Economic Condition and Outlook

The District's General Fund Balance increased \$325,643. The General Fund experienced an increase in state sources of revenue primarily due to increased enrollment. The unassigned General Fund balance decreased from \$3,101,609 in fiscal year 2015 to \$2,957,325 in fiscal year 2016. Fund balance restricted for categorical funding increased from \$379,954 in fiscal year 2015 to \$600,523 in fiscal year 2016.

The District's solvency ratio for 2015-2016 is 11.4%, down slightly from 12.2% in 2014-2015. It is

recommended the District have a solvency ratio of no more than 25%.

The Iowa school funding formula is a complex formula that is pupil driven and increasing total spending authority occurs by increasing the number of pupils or increasing the cost per pupil. Certified enrollment for the District continues to increase. The district cost per pupil for 2015-2016 was \$6,579 and the cost per pupil for 2016-17 is \$6,724.

Division VII of House File 215 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 for the 2013-2014 school year as well as \$50 million available per year for the 2014-15 through 2016-17 school years for phased-in entry to the program. The district was awarded this grant beginning in 2015-16.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the general purpose financial statements and combining individual fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for the internal controls and compliance.

Certificate of Achievement for Excellence in Financial Reporting

This submission is the District's first submission to the Government Finance Officers Association of the United States and Canada (GFOA) for a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials of the United States and Canada (ASBO) Certificate of Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded the Certificates, a governmental must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report meets program requirements for both awards and we are submitting it to ASBO and GFOA to determine its eligibility for each certificate.

We wish to take this opportunity to thank the administrative office staff who assisted in obtaining and organizing data, the County Auditor and Treasurer offices and the city and town officials who provided much needed information. Without all of the above groups' efforts, the report could not have been completed.

Finally, sincere appreciation is extended to the Board of Directors, where the commitment to excellence begins. It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Directors.

Very truly yours,



Mike Clingingsmith
Chief Financial Officer



Dr. James R Spelhaug
Superintendent

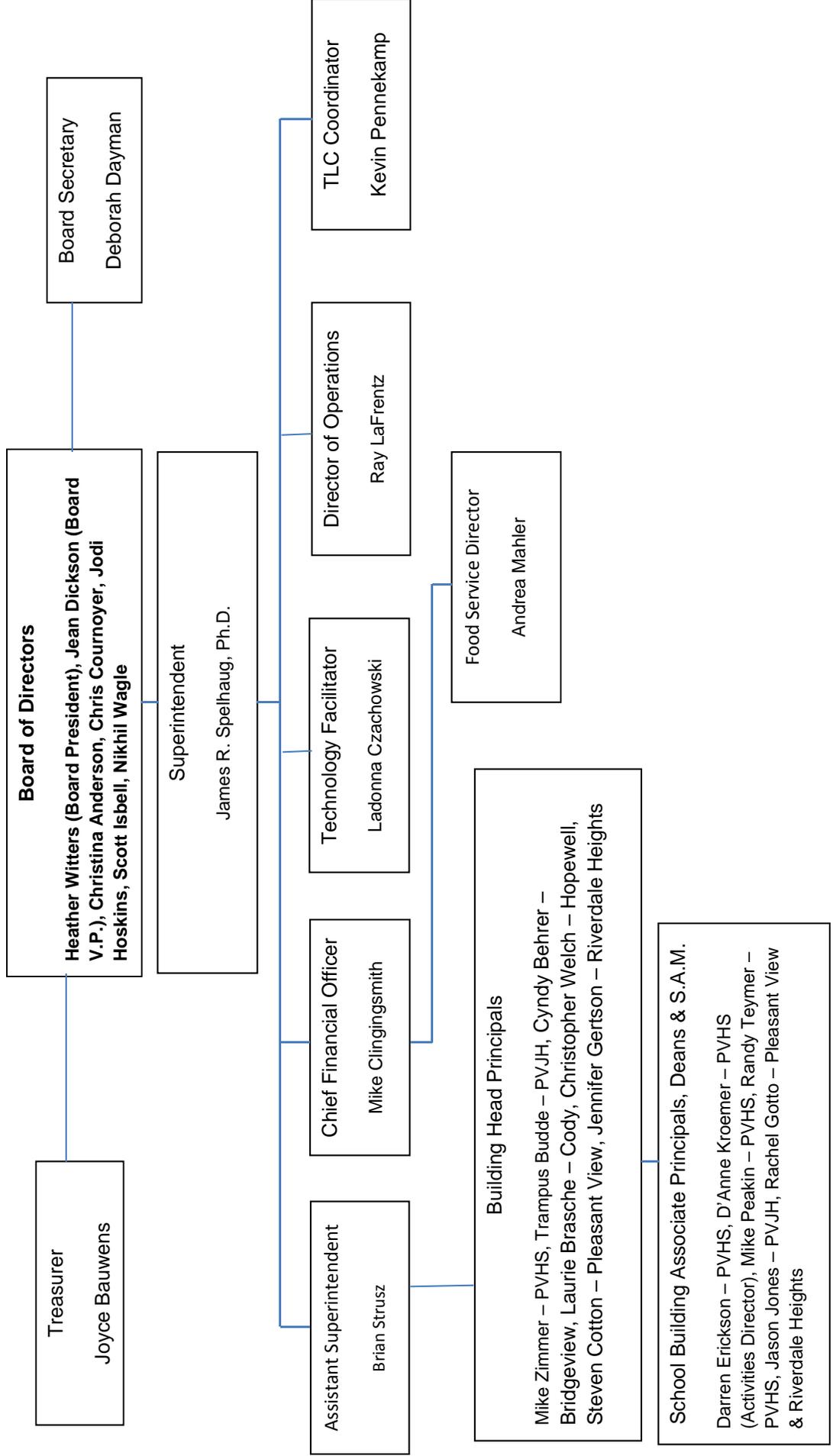
Pleasant Valley Community School District

**Board of Education and School District Officials
Year Ended June 30, 2016**

| Name | Title | Term Expires |
|----------------------------------|--------------------------|---------------------|
| Board of Education | | |
| Heather Witters | Board President | 2017 |
| Jean Dickson | Board Vice President | 2017 |
| Chris Cournoyer | Board Member | 2017 |
| Scott Isbell | Board Member | 2019 |
| Jodi Hoskins | Board Member | 2019 |
| Christina Anderson | Board Member | 2019 |
| Nikhil Wagle | Board Member | 2019 |
| School District Officials | | |
| Dr. James R. Spelhaug | Superintendent | 2018 |
| Brian Strusz | Assistant Superintendent | 2017 |
| Mike Clingingsmith | Chief Financial Officer | 2017 |
| Deborah Dayman | District Secretary | 2016 |
| Joyce E. Bauwens | District Treasurer | 2016 |
| Lane & Waterman | Attorney | Indefinite |

PLEASANT VALLEY COMMUNITY SCHOOL DISTRICT

Organizational Chart





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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, budgetary comparison information, and schedule of the District's proportionate share of the net pension liability and schedule of District contributions on pages 4-17 and 50-57 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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information, including the introductory and statistical sections and 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 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

Moline, Illinois
December 7, 2016

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Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

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, 2016. We encourage readers to consider this information in conjunction with additional information that we have furnished in our transmittal letter and the District's financial statements, which follow:

2015-16 FINANCIAL HIGHLIGHTS

- General Fund revenues (excluding proceeds from sale of capital assets and interfund transfers in) grew by \$3,308,422 (7.8%) from \$42,377,726 in the 2014-15 fiscal year to \$45,686,148 in the 2015-16 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 expenditures grew by \$3,832,383 (9.2%) from \$41,559,208 in the 2014-15 fiscal years to \$45,391,591 in the 2015-16 fiscal year. This was due, in part, to increases in current employees' salaries and benefits and the addition of several new employees due to the teacher leadership program. The difference between the 2015-16 revenues of \$45,686,148 and expenditures of \$45,391,591 plus the proceeds from sale of capital assets of \$1,061 and a transfer in of \$30,025 for the indirect costs of the Nutrition program, resulted in a net increase in fund balance in the General Fund of \$325,643. As a result, the District's General Fund balance increased from \$5,402,885 at June 30, 2015 to \$5,728,528 at June 30, 2016. This represents a 6.0% increase from the prior year.
- The District's solvency ratio (Assigned + Unassigned General Fund Balance / Actual General Fund Revenues – AEA Flowthrough) decreased from 12.2% at June 30, 2015 to 11.4% at June 30, 2016.
- The District's certified enrollment (resident headcount) for the 2015-16 fiscal year (taken on October 1, 2015) was 4,531.8, an increase of 145.7 students or 3.3% over the 2014-2015 fiscal year certified enrollment of 4,386.1 (taken on October 1, 2014). The District's certified enrollment for the 2013-14 fiscal year (taken on October 1, 2013) was 4,288.6. Therefore, the District's certified enrollment grew by 97.5 students between the 2013-14 fiscal year and the 2014-15 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 \$14.49 (rounded to the nearest penny) per \$1,000 taxable valuation in the 2014-15 fiscal year to \$14.34 (rounded to the nearest penny) per \$1,000 taxable valuation in the 2015-16 fiscal year.

USING THIS ANNUAL REPORT

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

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

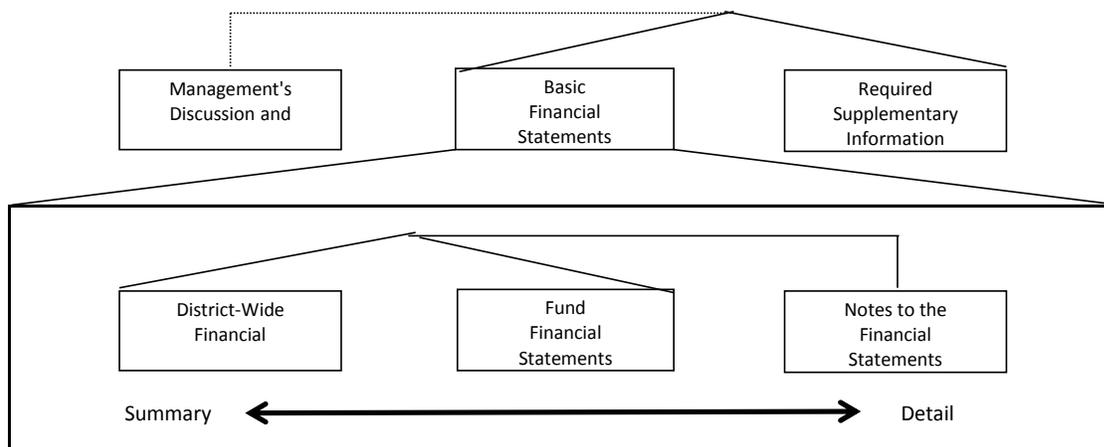
Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

- 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, 2016**

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, 2016

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 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 2015-16 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.

Pleasant Valley Community School District

**Management's Discussion and Analysis
Year Ended June 30, 2016**

- 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, 2016**

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District’s net position as of June 30, 2016 compared to June 30, 2015.

Figure A-3 Condensed Statement of Net Position

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change 2015-16 |
|-------------------------------------|-------------------------|----------------------|--------------------------|-------------------|-----------------------|----------------------|--|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | |
| Current and other assets | \$ 45,367,032 | \$ 36,024,246 | \$ 862,190 | \$ 543,206 | \$ 46,229,222 | \$ 36,567,452 | 26.4% |
| Capital assets | 54,744,512 | 47,577,526 | 523,807 | 583,135 | 55,268,319 | 48,160,661 | 14.8% |
| Total assets | 100,111,544 | 83,601,772 | 1,385,997 | 1,126,341 | 101,497,541 | 84,728,113 | 19.8% |
| Deferred outflows of resources | 6,560,025 | 3,705,344 | 128,786 | 76,004 | 6,688,811 | 3,781,348 | 76.9% |
| Long-term liabilities | 28,024,918 | 16,048,529 | 368,715 | 298,416 | 28,393,633 | 16,346,945 | 73.7% |
| Other liabilities | 11,391,673 | 8,172,946 | 97,535 | 91,977 | 11,489,208 | 8,264,923 | 39.0% |
| Total liabilities | 39,416,591 | 24,221,475 | 466,250 | 390,393 | 39,882,841 | 24,611,868 | 62.0% |
| Deferred inflows of resources | 23,024,975 | 23,268,563 | 86,098 | 111,147 | 23,111,073 | 23,379,710 | -1.1% |
| Net position: | | | | | | | |
| Net investment in capital assets | 46,357,427 | 47,577,526 | 523,807 | 583,135 | 46,881,234 | 48,160,661 | -2.7% |
| Restricted | 7,618,033 | 3,299,023 | 7,646 | 10,843 | 7,625,679 | 3,309,866 | 130.4% |
| Unrestricted | (9,745,457) | (11,059,471) | 430,982 | 106,827 | (9,314,475) | (10,952,644) | -15.0% |
| Total net position | \$ 44,230,003 | \$ 39,817,078 | \$ 962,435 | \$ 700,805 | \$ 45,192,438 | \$ 40,517,883 | 11.5% |

The District’s combined net position as of June 30, 2016 grew by \$4,674,555 (11.5%) over the June 30, 2015 combined net position. Net position in the governmental activities grew by \$4,412,925 (11.1%). The net position of the District’s business-type activities increased by \$261,630 (37.3%).

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 2015-16 fiscal year at various buildings throughout the District.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position increased by \$4,315,813 (130.4%) primarily due to the increase in net position in the Statewide Sales, Services and Use Tax (Capital Projects) Fund.

Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) increased by \$1,638,169 primarily due to changes in net pension liability.

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2016**

Figure A-4 shows the changes in net position for the year ended June 30, 2016 compared to the year ended June 30, 2015.

Figure A-4 Changes in Net Position From Operating Results

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change 2015-16 |
|--|-------------------------|---------------------|--------------------------|------------------|-----------------------|---------------------|--|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 3,294,566 | \$ 3,263,787 | \$ 1,590,833 | \$ 1,517,506 | \$ 4,885,399 | \$ 4,781,293 | 2.2% |
| Operating grants and contributions | 7,726,677 | 6,028,330 | 582,902 | 579,884 | 8,309,579 | 6,608,214 | 25.7% |
| Capital grants and contributions | - | - | - | - | - | - | 0.0% |
| General revenues: | | | | | | | |
| Property taxes | 19,008,201 | 18,341,363 | - | - | 19,008,201 | 18,341,363 | 3.6% |
| State foundation aid | 18,552,175 | 17,785,894 | - | - | 18,552,175 | 17,785,894 | 4.3% |
| Statewide sales and services tax | 4,194,086 | 4,080,583 | - | - | 4,194,086 | 4,080,583 | 2.8% |
| Other | 1,358,703 | 1,115,338 | 4,243 | 2,920 | 1,362,946 | 1,118,258 | 21.9% |
| Total revenues | 54,134,408 | 50,615,295 | 2,177,978 | 2,100,310 | 56,312,386 | 52,715,605 | 6.8% |
| Expenses: | | | | | | | |
| Instruction | 33,550,060 | 31,295,935 | - | - | 33,550,060 | 31,295,935 | 7.2% |
| Support services | 14,125,137 | 12,163,012 | 76,665 | 116,364 | 14,201,802 | 12,279,376 | 15.7% |
| Noninstructional | 42,924 | 20,941 | 1,809,658 | 1,756,835 | 1,852,582 | 1,777,776 | 4.2% |
| Other | 2,033,387 | 1,744,881 | - | - | 2,033,387 | 1,744,881 | 16.5% |
| Total expenses | 49,751,508 | 45,224,769 | 1,886,323 | 1,873,199 | 51,637,831 | 47,097,968 | 9.6% |
| Change in net position before transfers | 4,382,900 | 5,390,526 | 291,655 | 227,111 | 4,674,555 | 5,617,637 | -16.8% |
| Transfers | 30,025 | 150,000 | (30,025) | (150,000) | - | - | 0.0% |
| Increase (decrease) in net position | \$ 4,412,925 | \$ 5,540,526 | \$ 261,630 | \$ 77,111 | \$ 4,674,555 | \$ 5,617,637 | -16.8% |

In 2015-16, local taxes (property taxes and statewide sales and services tax) and state foundation aid accounted for 77.1% of the revenue from governmental activities while charges for services and grants and contributions accounted for 99.8% 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 \$3,596,781 (6.8%) in the fiscal year ended June 30, 2016. The most significant revenue category changes were due to an increase in Operating grants and contributions, property taxes and state foundation aid. Operating grants and contributions received increased by \$1,701,365 (25.7%) primarily due to the District receiving \$1,371,446 in Teacher Leadership Program funds that had not been received in previous years. Property taxes received increased by \$666,838 (3.6%) primarily due to an increase in assessed/taxable valuations in the District and the District’s increased enrollment. State foundation aid increased \$766,281 (4.3%) primarily due to increased enrollment and the 1.25% increase in state supplemental aid for the 2015-16 fiscal year.

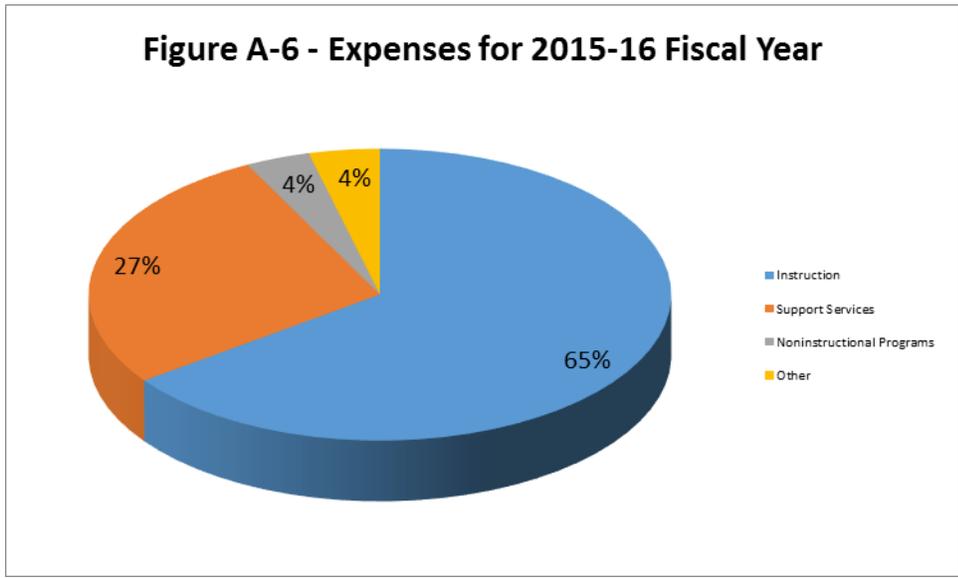
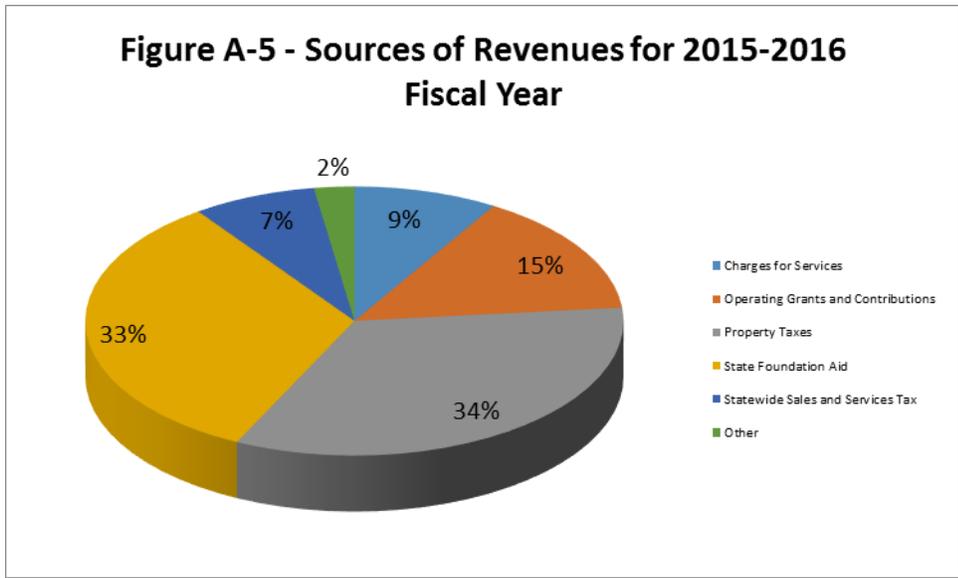
Total District expenses increased by \$4,539,863 (9.6%), primarily because of increases in expenditures for salaries and benefits (as a result of raises given to employees and new hires due to the District’s

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2016**

enrollment growth) and an increase in expenditures for building addition and renovation related expenditures.

Figures A-5 and A-6, which follow, show charts reflecting sources of revenue and distribution of expenses for the 2015-16 fiscal year.



Governmental Activities

Revenue for the District's governmental activities in 2015-16 increased by \$3,519,113 (7.0%) from the previous year, while total expenses increased by \$4,526,739 (10.0%). Governmental activities net position as of June 30, 2016 increased by \$4,412,925 (11.1%) over the June 30, 2015 balance.

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2016**

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, 2016 compared to the year ended June 30, 2015.

Figure A-7 Net Cost of Governmental Activities

| | Total Cost of Services | | Percentage | Net Cost of Services | | Percentage |
|------------------|------------------------|----------------------|---------------|----------------------|----------------------|-------------|
| | June 30, 2016 | June 30, 2015 | Change | June 30, 2016 | June 30, 2015 | Change |
| Instruction | \$ 33,550,060 | \$ 31,295,935 | 7.20% | \$ 24,455,819 | \$ 23,830,227 | 2.6% |
| Support services | 14,125,137 | 12,163,012 | 16.13% | 14,024,909 | 12,081,484 | 16.1% |
| Noninstructional | 42,924 | 20,941 | 104.98% | 42,924 | 20,941 | 105.0% |
| Other | 2,033,387 | 1,744,881 | 16.53% | 206,613 | - | 0.0% |
| Total | \$ 49,751,508 | \$ 45,224,769 | 10.01% | \$ 38,730,265 | \$ 35,932,652 | 7.8% |

For the year ended June 30, 2016:

- The cost financed by the users of the District’s programs was \$3,294,566.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$7,726,677.
- The net cost of governmental activities was financed with \$19,008,201 in property taxes, \$18,552,175 of unrestricted state grants, \$4,194,086 in statewide sales and services tax revenue, \$761,249 in other taxes, \$87,857 in investment earnings and \$509,597 in miscellaneous revenues.

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.

Business-Type Activities

The District's business-type activities include the School Nutrition Fund. Revenues of the District's business-type activities in 2015-16 were \$2,177,978; an increase of \$77,668 (3.7%) from 2014-15. 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

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

\$1,886,323, an increase of \$13,124 (0.7%) from 2014-15, 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 \$14,151,082, which reflects an increase of \$6,020,108 (74.0%) from last year's ending fund balances of \$8,130,974. The primary reasons for the increase in combined fund balances at the end of the 2015-16 fiscal year are:

- Increases in local sources revenue and state foundation aid.
- Unspent proceeds at the end of the fiscal year from the borrowing of funds for capital projects by issuing School Infrastructure Sales, Services and Use Tax Revenue Bonds.
- The accumulation of proceeds from the Statewide School Infrastructure Sales, Services and Use Tax to be used for future capital projects.

Governmental Fund Highlights

- The fund balance in the District's General Fund increased by \$325,643 (6.0%) from \$5,402,885 as of June 30, 2015 to \$5,728,528 as of June 30, 2016. 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 \$5,087,761 (902.1%). The statewide sales, service and use tax generated \$114,710 more in revenue in 2015-16 than in the previous fiscal year. Local tax generated from the physical plant and equipment levy was \$2,476,409 compared to the prior year \$2,356,465 which represents a \$119,944 (5.1%) increase from 2014-15. During the current year, revenue bonds were issued of \$10,000,000. Total expenditures were \$11,017,785 in 2015-16 compared to \$4,639,272 in 2014-15. In the current year, major expenditures included the building additions for additional classroom space, etc. at Bridgeview Elementary School, Pleasant View Elementary School, Pleasant Valley High School and other facility improvements.
- The fund balance in the Student Activities Fund decreased by \$46,805 during the fiscal year due to the variance of student activities from year-to-year.
- The fund balance in the Management Fund increased by \$59,171 during 2015-16.
- The District had a Debt Service Fund in the current year to account for payment of interest of \$92,956 on the revenue bonds issued in the current year for the Capital Projects Fund.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

Proprietary Fund Highlights

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

- The net position of the Nutrition Fund increased by 261,630 (37.3%) during 2015-16 primarily due to a reduction in transfers to other funds.
- The net position of the Internal Service Fund increased by \$696,352 (29.6%) during 2015-16. This was due to claims experience for health and dental insurance less than expected.

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 \$16,455,847 more in expenditures than the original certified budget for the 2015-16 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.

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2016**

Capital Asset and Debt Administration

Capital Assets

By the end of the 2015-16 fiscal year, the District had invested \$55,268,319 (net of accumulated depreciation of \$37,853,377) 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 \$7,107,658 or 14.8% from last year. The most significant additions were for buildings in the current year including the completion of the Hopewell Building addition (\$2,650,000) and the High School building addition (\$3,494,000). (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$2,389,742.

Figure A-8 Capital Assets (Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change |
|--------------------------------------|-------------------------|----------------------|--------------------------|-------------------|-----------------------|----------------------|-------------------------------|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | 2015-16 |
| | Land | \$ 1,360,555 | \$ 1,360,555 | \$ - | \$ - | \$ 1,360,555 | \$ 1,360,555 |
| Buildings | 37,460,597 | 32,497,118 | - | - | 37,460,597 | 32,497,118 | 15.3% |
| Improvements other than buildings | 4,296,571 | 4,297,738 | - | - | 4,296,571 | 4,297,738 | 0.0% |
| Furniture and equipment | 1,147,808 | 1,177,768 | 523,807 | 583,135 | 1,671,615 | 1,760,903 | -5.1% |
| Construction in progress | 10,478,981 | 8,244,347 | - | - | 10,478,981 | 8,244,347 | 27.1% |
| Total | \$ 54,744,512 | \$ 47,577,526 | \$ 523,807 | \$ 583,135 | \$ 55,268,319 | \$ 48,160,661 | 14.8% |

Long-Term Liabilities

As of June 30, 2016, the District had \$10,000,000 in revenue bonds outstanding, \$317,406 in early retirement liabilities, \$904,080 in total compensated absence liabilities, \$25,000 in other long-term liabilities, \$1,398,735 in net OPEB liability, and \$18,085,204 in net pension liability for total outstanding long-term obligations of \$30,730,425 as reflected in Figure A-9 below. In December 2015, the District issued \$10,000,000 in School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2015 for capital improvements to school buildings. More detailed information about the District’s long-term liabilities is available in Note 5 to the financial statements.

Pleasant Valley Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2016**

Figure A-9 Outstanding Long-Term Obligations

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change |
|-----------------------|-------------------------|----------------------|--------------------------|-------------------|-----------------------|----------------------|-------------------------------|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 | 2015-16 |
| | Revenue bonds | \$ 10,000,000 | \$ - | \$ - | \$ - | \$ 10,000,000 | \$ - |
| Early retirement | 317,406 | 435,511 | - | - | 317,406 | 435,511 | -27.1% |
| Compensated absences | 904,080 | 849,183 | - | - | 904,080 | 849,183 | 6.5% |
| Other | 25,000 | 75,000 | - | - | 25,000 | 75,000 | -66.7% |
| Net OPEB liability | 1,389,588 | 1,163,249 | 9,147 | 6,975 | 1,398,735 | 1,170,224 | 19.5% |
| Net pension liability | 17,725,636 | 14,208,105 | 359,568 | 291,441 | 18,085,204 | 14,499,546 | 24.7% |
| Total | \$ 30,361,710 | \$ 16,731,048 | \$ 368,715 | \$ 298,416 | \$ 30,730,425 | \$ 17,029,464 | 80.5% |

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.

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 average annual growth in certified enrollment in the past ten years (2006-07 to 2015-16) has been 123.6 students per year. The District’s certified enrollment is up another 213.78 students for the 2016-17 fiscal year. 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 elementary school. The district issued \$10,000,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds in December, 2015 to help finance these projects. Additional significant borrowing will likely be necessary over the next few years. While this growth has a positive impact, it also brings with it significant challenges in maintaining the District’s infrastructure to accommodate this growth in an orderly and efficient manner.
- The Iowa Legislature set the supplemental state aid percentage (formerly known as the allowable growth rate) at 1.25% for the 2015-16 fiscal year and 2.25% for the 2016-17 fiscal year. The Iowa Legislature has not yet set the allowable growth rate for the 2017-18 fiscal year. As the District’s General Fund budget is comprised of approximately 80 percent salary and benefits, wage and salary adjustments arrived at through the District’s formal negotiations process will have a significant impact on future budget spending decisions.

Pleasant Valley Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

- The continuing impact of the implementation of the Affordable Care Act is concerning to the District due to the possibility of increased health insurance related costs.
- The Department of Labor ("DOL") had proposed new Fair Labor Standards Act ("FLSA") overtime rules, which would cause more workers to meet the definition of non-exempt from overtime. These rules were to go into effect December 1, 2016; however, Judge Amos Mazzant of the United States District Court for the Eastern District of Texas ordered the DOL not to enforce the new overtime Final Rules under the FLSA set to go into effect on December 1, 2016. These new overtime rules could have a negative impact on the financial health of the District.
- The Iowa Legislature established the Teacher Leadership and Compensation System, as well as the Teacher Leadership Supplement (TLS) of categorical funding. There was \$3.5 million of planning grants available statewide for the 2013-14 fiscal year as well as \$50 million available per year for the 2014-15 through 2016-17 fiscal years for phased-in entry to the program. The District was awarded this grant beginning in the 2015-16 fiscal year. This funding is being distributed on a per-pupil basis, which was \$312.68 per student for the 2015-16 fiscal year and will be \$319.72 per student for the 2016-17 fiscal year. The cost per student for the 2017-18 fiscal year is currently unknown.

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, 2016

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Cash and pooled investments | \$ 24,197,146 | \$ 845,559 | \$ 25,042,705 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | 51,143 | - | 51,143 |
| Succeeding year | 18,900,000 | - | 18,900,000 |
| Accounts | 610,756 | 289 | 611,045 |
| Due from other governments | 1,476,837 | - | 1,476,837 |
| Inventories | - | 14,480 | 14,480 |
| Prepaid expenses | 131,150 | 1,862 | 133,012 |
| Capital assets: | | | |
| Nondepreciable | 11,839,536 | - | 11,839,536 |
| Depreciable, net | 42,904,976 | 523,807 | 43,428,783 |
| Total assets | 100,111,544 | 1,385,997 | 101,497,541 |
| Deferred Outflows of Resources, | | | |
| pension related deferred outflows | 6,560,025 | 128,786 | 6,688,811 |
| Liabilities | | | |
| Accounts payable | 2,977,833 | 770 | 2,978,603 |
| Salaries and benefits payable | 4,624,496 | - | 4,624,496 |
| Due to other governments | 570,827 | - | 570,827 |
| Claims incurred but not reported | 507,978 | - | 507,978 |
| Unearned revenue | 373,747 | 96,765 | 470,512 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| Revenue bonds | 1,590,000 | - | 1,590,000 |
| Early retirement | 81,788 | - | 81,788 |
| Compensated absences | 640,004 | - | 640,004 |
| Other | 25,000 | - | 25,000 |
| Portion due after one year: | | | |
| Revenue bonds | 8,410,000 | - | 8,410,000 |
| Early retirement | 235,618 | - | 235,618 |
| Compensated absences | 264,076 | - | 264,076 |
| Net OPEB liability | 1,389,588 | 9,147 | 1,398,735 |
| Net pension liability | 17,725,636 | 359,568 | 18,085,204 |
| Total liabilities | 39,416,591 | 466,250 | 39,882,841 |
| Deferred Inflows of Resources | | | |
| Deferred revenue from succeeding year property tax | 18,900,000 | - | 18,900,000 |
| Pension related deferred inflows | 4,124,975 | 86,098 | 4,211,073 |
| Total deferred inflows of resources | 23,024,975 | 86,098 | 23,111,073 |
| Net Position | | | |
| Net investment in capital assets | 46,357,427 | 523,807 | 46,881,234 |
| Restricted for: | | | |
| Categorical funding | 600,523 | - | 600,523 |
| Management levy | 1,504,140 | - | 1,504,140 |
| Physical plant and equipment levy | 368,587 | - | 368,587 |
| School infrastructure | 3,879,254 | - | 3,879,254 |
| Other special revenue purposes | 671,191 | - | 671,191 |
| Debt service | 594,338 | - | 594,338 |
| Other | - | 7,646 | 7,646 |
| Unrestricted | (9,745,457) | 430,982 | (9,314,475) |
| Total net position | \$ 44,230,003 | \$ 962,435 | \$ 45,192,438 |

See Notes to Financial Statements.

Pleasant Valley Community School District

**Statement of Activities
Year Ended June 30, 2016**

| Functions/Programs | Expenses |
|--|----------------------|
| Governmental activities: | |
| Instruction: | |
| Regular instruction | \$ 25,438,186 |
| Special instruction | 3,685,199 |
| Other | 4,426,675 |
| | <u>33,550,060</u> |
| Support services: | |
| Student services | 1,805,292 |
| Instructional staff services | 3,217,189 |
| Administration services | 3,730,755 |
| Operation and maintenance of plant services | 3,683,918 |
| Transportation services | 1,687,983 |
| | <u>14,125,137</u> |
| Noninstructional programs | <u>42,924</u> |
| Other expenditures: | |
| Long term debt interest | 206,613 |
| AEA flowthrough | 1,826,774 |
| | <u>2,033,387</u> |
| Total governmental activities | <u>49,751,508</u> |
| Business-type activities: | |
| Support services: | |
| Administration services | 44,303 |
| Operation and maintenance of plant services | 32,362 |
| | <u>76,665</u> |
| Noninstructional programs, food service operations | <u>1,809,658</u> |
| Total business-type activities | <u>1,886,323</u> |
| Total | <u>\$ 51,637,831</u> |
| General revenues: | |
| Property tax levied for: | |
| General purposes | |
| Capital outlay | |
| Other specific purposes | |
| Statewide sales and services tax | |
| Other taxes | |
| Unrestricted state grants | |
| Unrestricted investment earnings | |
| Other | |
| Total general revenues | |
| Transfers | |
| Total general revenues and transfers | |
| Change in net position | |
| Net position, beginning of year | |
| Net position, end of year | |

See Notes to Financial Statements.

| Charges for Services | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|-------------------------|---------------------------------------|-------------------------------------|--|-----------------------------|-----------------|
| | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | |
| \$ 2,383,423 | \$ 4,938,767 | \$ - | \$ (18,115,996) | \$ - | \$ (18,115,996) |
| - | 888,702 | - | (2,796,497) | - | (2,796,497) |
| 874,540 | 8,809 | - | (3,543,326) | - | (3,543,326) |
| 3,257,963 | 5,836,278 | - | (24,455,819) | - | (24,455,819) |
| - | - | - | (1,805,292) | - | (1,805,292) |
| - | 28,558 | - | (3,188,631) | - | (3,188,631) |
| - | - | - | (3,730,755) | - | (3,730,755) |
| 36,603 | - | - | (3,647,315) | - | (3,647,315) |
| - | 35,067 | - | (1,652,916) | - | (1,652,916) |
| 36,603 | 63,625 | - | (14,024,909) | - | (14,024,909) |
| - | - | - | (42,924) | - | (42,924) |
| - | - | - | (206,613) | - | (206,613) |
| - | 1,826,774 | - | - | - | - |
| - | 1,826,774 | - | (206,613) | - | (206,613) |
| 3,294,566 | 7,726,677 | - | (38,730,265) | - | (38,730,265) |
| - | - | - | - | (44,303) | (44,303) |
| - | - | - | - | (32,362) | (32,362) |
| - | - | - | - | (76,665) | (76,665) |
| 1,590,833 | 582,902 | - | - | 364,077 | 364,077 |
| 1,590,833 | 582,902 | - | - | 287,412 | 287,412 |
| \$ 4,885,399 | \$ 8,309,579 | \$ - | (38,730,265) | 287,412 | (38,442,853) |
| | | | 15,937,619 | - | 15,937,619 |
| | | | 2,379,912 | - | 2,379,912 |
| | | | 690,670 | - | 690,670 |
| | | | 4,194,086 | - | 4,194,086 |
| | | | 761,249 | - | 761,249 |
| | | | 18,552,175 | - | 18,552,175 |
| | | | 87,857 | 4,243 | 92,100 |
| | | | 509,597 | - | 509,597 |
| | | | 43,113,165 | 4,243 | 43,117,408 |
| | | | 30,025 | (30,025) | - |
| | | | 43,143,190 | (25,782) | 43,117,408 |
| | | | 4,412,925 | 261,630 | 4,674,555 |
| | | | 39,817,078 | 700,805 | 40,517,883 |
| | | | \$ 44,230,003 | \$ 962,435 | \$ 45,192,438 |

Pleasant Valley Community School District

Balance Sheet
Governmental Funds
June 30, 2016

| | General | Capital Projects | Nonmajor | Total |
|--|----------------------|----------------------|---------------------|----------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 10,385,973 | \$ 7,733,235 | \$ 3,115,468 | \$ 21,234,676 |
| Receivables: | | | | |
| Property tax: | | | | |
| Current year | 43,212 | 6,031 | 1,900 | 51,143 |
| Succeeding year | 15,790,000 | 2,410,000 | 700,000 | 18,900,000 |
| Accounts | 1,005 | 8,544 | 2,137 | 11,686 |
| Due from other governments | 873,260 | 603,486 | 91 | 1,476,837 |
| Prepaid items | 130,038 | - | 1,112 | 131,150 |
| Total assets | \$ 27,223,488 | \$ 10,761,296 | \$ 3,820,708 | \$ 41,805,492 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 254,939 | \$ 2,490,540 | \$ 230,878 | \$ 2,976,357 |
| Salaries and benefits payable | 4,624,496 | - | - | 4,624,496 |
| Due to other governments | 570,827 | - | - | 570,827 |
| Unearned revenue | 254,698 | - | 119,049 | 373,747 |
| Total liabilities | 5,704,960 | 2,490,540 | 349,927 | 8,545,427 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue: | | | | |
| Succeeding year property tax | 15,790,000 | 2,410,000 | 700,000 | 18,900,000 |
| Statewide sales and services tax | - | 208,983 | - | 208,983 |
| Total deferred inflows of resources | 15,790,000 | 2,618,983 | 700,000 | 19,108,983 |
| Fund balances: | | | | |
| Nonspendable | 130,038 | - | 1,112 | 131,150 |
| Restricted for: | | | | |
| Categorical funding | 600,523 | - | - | 600,523 |
| Management levy | - | - | 1,504,140 | 1,504,140 |
| Physical plant and equipment levy | - | 368,587 | - | 368,587 |
| School infrastructure | - | 5,283,186 | - | 5,283,186 |
| Student activity purposes | - | - | 671,191 | 671,191 |
| Debt service | - | - | 594,338 | 594,338 |
| Assigned primarily for transportation | 2,040,642 | - | - | 2,040,642 |
| Unassigned | 2,957,325 | - | - | 2,957,325 |
| Total fund balances | 5,728,528 | 5,651,773 | 2,770,781 | 14,151,082 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 27,223,488 | \$ 10,761,296 | \$ 3,820,708 | \$ 41,805,492 |

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, 2016**

| | |
|--|-----------------------------|
| Total fund balances of governmental funds | \$ 14,151,082 |
| 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. | 54,744,512 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds. | 208,983 |
| 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. | 3,052,086 |
| 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 | 6,560,025 |
| Deferred inflows of resources | (4,124,975) |
| 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. | |
| Revenue bonds | (10,000,000) |
| Other long-term liabilities | (25,000) |
| Early retirement | (317,406) |
| Compensated absences | (904,080) |
| Net OPEB liability | (1,389,588) |
| Net pension liability | (17,725,636) |
| Net position of governmental activities | <u>\$ 44,230,003</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, 2016

| | General | Capital Projects | Nonmajor | Total |
|--|-------------------|--------------------|------------------|--------------------|
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 16,571,476 | \$ 2,476,409 | \$ 721,565 | \$ 19,769,450 |
| Tuition | 2,060,848 | - | - | 2,060,848 |
| Other | 654,475 | 68,869 | 910,204 | 1,633,548 |
| State sources | 25,510,647 | 4,229,797 | 14,211 | 29,754,655 |
| Federal sources | 888,702 | 15,333 | - | 904,035 |
| Total revenues | 45,686,148 | 6,790,408 | 1,645,980 | 54,122,536 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 30,437,727 | 340,496 | 1,235,576 | 32,013,799 |
| Support services: | | | | |
| Student services | 1,772,956 | - | 32,336 | 1,805,292 |
| Instructional staff services | 3,204,656 | 3,100 | 9,433 | 3,217,189 |
| Administration services | 4,008,522 | 163,636 | 37,314 | 4,209,472 |
| Operation and maintenance of plant services | 2,646,919 | 109,916 | 283,253 | 3,040,088 |
| Transportation services | 1,482,698 | 202,300 | 2,985 | 1,687,983 |
| | 13,115,751 | 478,952 | 365,321 | 13,960,024 |
| Noninstructional programs | 11,339 | - | 31,585 | 42,924 |
| Other expenditures: | | | | |
| Facilities acquisition | - | 10,084,680 | - | 10,084,680 |
| AEA flowthrough | 1,826,774 | - | - | 1,826,774 |
| | 1,826,774 | 10,084,680 | - | 11,911,454 |
| Debt service: | | | | |
| Interest and issuance costs | - | 113,657 | 92,956 | 206,613 |
| | - | 113,657 | 92,956 | 206,613 |
| Total expenditures | 45,391,591 | 11,017,785 | 1,725,438 | 58,134,814 |
| Excess (deficiency) of revenues over (under) expenditures | 294,557 | (4,227,377) | (79,458) | (4,012,278) |
| Other financing sources (uses): | | | | |
| Proceeds from sale of capital assets | 1,061 | 1,300 | - | 2,361 |
| Issuance of long term debt | - | 10,000,000 | - | 10,000,000 |
| Interfund transfers in | 30,025 | - | 686,162 | 716,187 |
| Interfund transfers (out) | - | (686,162) | - | (686,162) |
| Total other financing sources (uses) | 31,086 | 9,315,138 | 686,162 | 10,032,386 |
| Net change in fund balance | 325,643 | 5,087,761 | 606,704 | 6,020,108 |
| Fund balances, beginning of year | 5,402,885 | 564,012 | 2,164,077 | 8,130,974 |
| Fund balances, end of year | \$ 5,728,528 | \$ 5,651,773 | \$ 2,770,781 | \$ 14,151,082 |

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, 2016**

Net change in fund balances - total governmental funds \$ 6,020,108

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:

| | | | |
|--------------------------------------|----|-------------|-----------|
| Capital outlay | \$ | 9,487,408 | |
| Depreciation expense | | (2,306,922) | |
| Proceeds from sale of capital assets | | (2,361) | |
| Loss on disposal of capital asset | | (11,139) | |
| | | (11,139) | 7,166,986 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in unavailable revenues. 11,872

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. 696,352

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

Issuance of revenue bonds (10,000,000)

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. 156,524

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 | | 474,214 | |
| Early retirement | | 118,105 | |
| Compensated absences | | (54,897) | |
| Net OPEB liability | | (226,339) | |
| | | (226,339) | 361,083 |

Change in net position of governmental activities \$ 4,412,925

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Net Position

Proprietary Funds

June 30, 2016

| | Nonmajor Enterprise Fund | | Internal |
|---|-----------------------------|-----------|------------------|
| | School | | Service Fund |
| | Nutrition | | |
| Assets | | | |
| Current: | | | |
| Cash and cash equivalents | \$ 845,559 | \$ | 2,962,470 |
| Accounts receivable | 289 | | 599,070 |
| Inventories | 14,480 | | - |
| Prepaid expense | 1,862 | | - |
| | <u>862,190</u> | | <u>3,561,540</u> |
| Noncurrent: | | | |
| Capital assets, net of accumulated depreciation | 523,807 | | - |
| Total assets | <u>1,385,997</u> | | <u>3,561,540</u> |
| Deferred Outflows of Resources, | | | |
| pension related deferred outflows | <u>128,786</u> | | <u>-</u> |
| Liabilities | | | |
| Current: | | | |
| Accounts payable | 770 | 1,476 | |
| Claims incurred but not reported | - | 507,978 | |
| Unearned revenue, other | 96,765 | | - |
| | <u>97,535</u> | | <u>509,454</u> |
| Noncurrent: | | | |
| Net OPEB liability | 9,147 | | - |
| Net pension liability | 359,568 | | - |
| | <u>368,715</u> | | <u>-</u> |
| Total liabilities | <u>466,250</u> | | <u>509,454</u> |
| Deferred Inflows of Resources, | | | |
| pension related deferred inflows | <u>86,098</u> | | <u>-</u> |
| Net Position | | | |
| Net investment in capital assets | 523,807 | | - |
| Restricted | 7,646 | | - |
| Unrestricted | 430,982 | 3,052,086 | |
| Total net position | <u>\$ 962,435</u> | <u>\$</u> | <u>3,052,086</u> |

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, 2016**

| | Nonmajor Enterprise Fund | Internal Service Fund |
|-------------------------------------|-----------------------------|--------------------------|
| | School Nutrition | Service Fund |
| Operating revenues: | | |
| Local sources, charges for services | \$ 1,590,833 | \$ 4,700,033 |
| Operating expenses: | | |
| Support services: | | |
| Salaries | 14,637 | - |
| Benefits | 2,396 | 4,003,681 |
| Purchased services | 59,132 | - |
| Other | 500 | - |
| | <u>76,665</u> | <u>4,003,681</u> |
| Noninstructional programs: | | |
| Salaries | 502,486 | - |
| Benefits | 130,365 | - |
| Purchased services | 565 | - |
| Supplies | 1,090,621 | - |
| Depreciation | 82,820 | - |
| | <u>1,806,857</u> | <u>-</u> |
| Total operating expenses | <u>1,883,522</u> | <u>4,003,681</u> |
| Operating income (loss) | <u>(292,689)</u> | <u>696,352</u> |
| Nonoperating revenues (expenses): | | |
| Loss on disposal of capital assets | (2,801) | - |
| Interest on investments | 4,243 | - |
| State sources | 14,241 | - |
| Federal sources | 568,661 | - |
| Total nonoperating revenues | <u>584,344</u> | <u>-</u> |
| Income before transfers | 291,655 | 696,352 |
| Transfers out | <u>(30,025)</u> | <u>-</u> |
| Change in net position | 261,630 | 696,352 |
| Net position, beginning of year | 700,805 | 2,355,734 |
| Net position, end of year | <u>\$ 962,435</u> | <u>\$ 3,052,086</u> |

See Notes to Financial Statements.

Pleasant Valley Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016**

| | Nonmajor Enterprise Fund | Internal Service Fund |
|--|-----------------------------|--------------------------|
| | School Nutrition | |
| Cash flows from operating activities: | | |
| Cash received from sale of lunches and breakfasts | \$ 1,597,908 | \$ - |
| Cash received from miscellaneous operating activities | - | 4,660,934 |
| Cash payments to employees for services | (657,416) | - |
| Cash payments to suppliers for goods or services | (944,844) | (3,990,495) |
| Net cash provided by (used in) operating activities | <u>(4,352)</u> | <u>670,439</u> |
| Cash flows from noncapital financing activities: | | |
| Transfers to other funds | (30,025) | - |
| State grants received | 14,241 | - |
| Federal grants received | 367,962 | - |
| Net cash provided by noncapital financing activities | <u>352,178</u> | <u>-</u> |
| Cash flows (used in) capital related financing activities, | | |
| Acquisition of capital assets | (26,293) | - |
| Cash flows from investing activities, interest on investments | 4,243 | - |
| Net increase in cash and cash equivalents | 325,776 | 670,439 |
| Cash and cash equivalents, beginning of year | 519,783 | 2,292,031 |
| Cash and cash equivalents, end of year | <u>\$ 845,559</u> | <u>\$ 2,962,470</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | |
| Operating income (loss) | \$ (292,689) | \$ 696,352 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 82,820 | - |
| Commodities used | 200,699 | - |
| (Increase) in accounts receivable | (96) | (39,099) |
| Decrease in inventories | 3,810 | - |
| Decrease in prepaid expenses | 3,078 | - |
| (Decrease) in accounts payable | (1,613) | (10,037) |
| Increase in due to other governments | - | 1,476 |
| Increase in net OPEB liability | 2,172 | - |
| (Decrease) in pension and related deferrals | (9,704) | - |
| Increase in claims incurred but not reported | - | 21,747 |
| Increase in unearned revenue | 7,171 | - |
| Net cash provided by (used in) operating activities | <u>\$ (4,352)</u> | <u>\$ 670,439</u> |
| Schedule of noncash items: | | |
| Noncapital financing activities, federal commodities | \$ 200,699 | \$ - |

See Notes to Financial Statements.

Pleasant Valley Community School District

Statement of Fiduciary Assets and Liabilities

Fiduciary Fund

June 30, 2016

| | <u>Agency</u> |
|-----------------------------|------------------|
| Assets | |
| Cash and pooled investments | \$ 30,619 |
| Total assets | <u>\$ 30,619</u> |
| Liabilities | |
| Accounts payable | \$ 1,221 |
| Due to other groups | 29,398 |
| Total liabilities | <u>\$ 30,619</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.

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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. The District has two proprietary funds, an enterprise fund and an internal service fund.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Enterprise funds are used to account for those operations that are financed and operating in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District's nonmajor enterprise fund is the Nutrition Fund which accounts for the food service operations of the District.

The Internal Service Fund is used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District's Internal Service Fund is used to account for the premium and claim payments for the self-insured health insurance plans for District employees.

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. These are funds for District employee purchases of pop, funeral flowers, and related expenditures and expenditures for various club accounts. 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.

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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 short-term 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 was 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2015.

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.

Prepaid items: The District accounts for the prepaid items by using the purchases method.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 |

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: Unearned revenue consists primarily of school registration fees, activity fees and meal revenues collected for the programs and services in the next school year.

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, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and by the Special Revenue Fund, Management Levy.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Cash flows: For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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: Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The authority to assign fund balances has been delegated to the Chief Financial Officer by the Board of Education. The District has assigned \$2,040,642 for transportation. Unlike commitments, assignments only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expenditure toward restricted fund balance and then to less restrictive classifications –assigned and then unassigned fund balances.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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. The District also reports pension related deferred outflows in the government-wide statements and the proprietary fund statements.

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 of \$1,612,915. 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, 2016 consists of \$606,523 for categorical funding, \$1,504,140 for management levy purposes, \$368,587 for physical plant and equipment levy, \$3,879,254 for school infrastructure, \$671,191 for other special revenue purposes and \$594,338 for debt service.

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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and budgetary control:

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district-wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control for the certified budget is based upon four major classes of disbursement known as functional areas, not by fund. These four functional areas are instruction, support services, noninstructional programs and other expenditures. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, 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 short-term nonnegotiable certificate of deposits. The District's deposits in banks as of June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

| Transfer To | Transfer From | Amount |
|---|-------------------------------------|-------------------|
| General | Nonmajor enterprise fund, Nutrition | 30,025 |
| Nonmajor governmental fund, Debt Service | Capital Projects | 686,162 |
| | | <u>\$ 716,187</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, 2016 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 | 8,244,347 | 8,691,595 | 6,456,961 | 10,478,981 |
| Total capital assets not being depreciated | 9,604,902 | 8,691,595 | 6,456,961 | 11,839,536 |
| Capital assets being depreciated: | | | | |
| Buildings | 58,161,775 | 6,694,566 | 3,293 | 64,853,048 |
| Improvements other than buildings | 6,915,322 | 330,788 | - | 7,246,110 |
| Furniture and equipment | 7,807,736 | 227,420 | 106,755 | 7,928,401 |
| Total capital assets being depreciated | 72,884,833 | 7,252,774 | 110,048 | 80,027,559 |
| Less accumulated depreciation for: | | | | |
| Buildings | 25,664,657 | 1,731,087 | 3,293 | 27,392,451 |
| Improvements other than buildings | 2,617,584 | 331,955 | - | 2,949,539 |
| Furniture and equipment | 6,629,968 | 243,880 | 93,255 | 6,780,593 |
| Total accumulated depreciation | 34,912,209 | 2,306,922 | 96,548 | 37,122,583 |
| Total capital assets being depreciated, net | 37,972,624 | 4,945,852 | 13,500 | 42,904,976 |
| Governmental activities capital assets, net | \$ 47,577,526 | \$ 13,637,447 | \$ 6,470,461 | \$ 54,744,512 |
| Business-type activities: | | | | |
| Furniture and equipment | \$1,257,022 | \$26,293 | \$28,714 | \$ 1,254,601 |
| Less accumulated depreciation | 673,887 | 82,820 | 25,913 | 730,794 |
| Business-type activities capital assets, net | \$ 583,135 | \$ (56,527) | \$ 2,801 | \$ 523,807 |

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 | \$ 2,118,239 |
| Support services: | |
| Administration | 103,263 |
| Operation and maintenance of plant services | 85,420 |
| Total governmental activities depreciation expense | \$ 2,306,922 |
| | |
| Business-type activities, food service operations | \$ 82,820 |

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|-----------------------------|---------------------------------|----------------------|---------------------|------------------------|------------------------|
| Governmental activities: | | | | | |
| Revenue bonds, Series 2015 | \$ - | \$ 10,000,000 | \$ - | \$ 10,000,000 | \$ 1,590,000 |
| Early retirement | 435,511 | 163,575 | 281,680 | 317,406 | 81,788 |
| Compensated absences | 849,183 | 875,927 | 821,030 | 904,080 | 640,004 |
| Other long-term liabilities | 75,000 | - | 50,000 | 25,000 | 25,000 |
| Net OPEB liability | 1,163,249 | 226,339 | - | 1,389,588 | - |
| Net pension liability | 14,208,105 | 3,517,531 | - | 17,725,636 | - |
| Total | \$ 16,731,048 | \$ 14,783,372 | \$ 1,152,710 | \$ 30,361,710 | \$ 2,336,792 |
| | | | | | |
| Business-type activities: | | | | | |
| Net OPEB liability | \$ 6,975 | \$ 2,172 | \$ - | \$ 9,147 | \$ - |
| Net pension liability | 291,441 | 68,127 | - | 359,568 | - |
| Total | \$ 298,416 | \$ 70,299 | \$ - | \$ 368,715 | \$ - |

Revenue bonds: In December 2015, the District issued \$10,000,000 in School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2015 for capital improvements to school buildings. Bond principal is payable annually on July 1 beginning July 1, 2017 through July 1, 2022. The bonds have an interest rate of 1.78 percent. Interest is payable semiannually on January 1 and July 1 until maturity. The bonds are payable solely from the revenues of the statewide sales, services and use tax. The bonds are not general obligations of the District. The total remaining principal and interest remaining to be paid on the bonds as of June 30, 2016 is \$10,632,101. During the year ended June 30, 2016, no principal was paid and \$92,956 of interest was paid on the bonds. The statewide sales, services, and use tax revenues were \$4,182,214 for the year ended June 30, 2016. The pledge of statewide sales, service and use tax revenues constitutes approximately 42% of annual statewide sales, service and use tax revenues of the District. The resolution providing for the issuance of the revenue bonds included the following provisions:

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

- All proceeds from the statewide sales, service and use tax shall be deposited into the revenue account.
- Monies in the revenue account shall first be disbursed to make deposits into the sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year. At June 30, 2016, there was \$594,338 deposited in the sinking account in the Debt Service Fund.
- Monies in the revenue account shall next be disbursed to maintain a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account.
- If monies in the sinking fund exceed the required amount, the excess shall be transferred to the revenue account. At June 30, 2016, there was no amount deposited into a surplus account.

Annual debt service requirements on all outstanding indebtedness as of June 30, 2016, are as follows:

| Year ending June 30: | Revenue Bonds, Series 2015 | | |
|----------------------|----------------------------|-------------------|----------------------|
| | Principal | Interest | Total |
| 2017 | \$ 1,590,000 | \$ 178,000 | \$ 1,768,000 |
| 2018 | 1,620,000 | 149,698 | 1,769,698 |
| 2019 | 1,650,000 | 120,862 | 1,770,862 |
| 2020 | 1,680,000 | 91,492 | 1,771,492 |
| 2021 | 1,715,000 | 60,988 | 1,775,988 |
| 2022 | 1,745,000 | 31,061 | 1,776,061 |
| Totals | \$ 10,000,000 | \$ 632,101 | \$ 10,632,101 |

As of June 30, 2016, the District did not exceed its legal debt margin computed as follows:

| | |
|--|-----------------------|
| Total assessed valuation | \$ 2,469,017,594 |
| Debt limit, 5% of total assessed valuation | \$ 123,450,880 |
| Amount of debt applicable to debt limitation | 10,000,000 |
| Legal debt margin | <u>\$ 113,450,880</u> |

Early retirement: The District offered 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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

As of June 30, 2016, the District had obligations to 19 participants with a total liability of \$317,406. Actual early retirement expenditures for the year ended June 30, 2016 totaled \$281,680. 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. The final payment of \$25,000 will be made in fiscal year 2017.

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 District does not have a separate, audited GAAP basis postemployment plan report.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

| | | |
|--|----|-----------|
| Annual required contribution | \$ | 319,475 |
| Interest on net OPEB obligation | | 29,255 |
| Adjustment to annual required contribution | | (80,868) |
| Annual OPEB cost | | 267,862 |
| Contributions made | | 39,351 |
| Increase in net OPEB obligation | | 228,511 |
| Net OPEB obligation beginning of year | | 1,170,224 |
| Net OPEB obligation end of year | \$ | 1,398,735 |

Pleasant Valley Community School District

Notes to Basic Financial Statements

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

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, 2016 and the two preceding years are summarized as follows:

| Year Ended | Annual OPEB Cost | OPEB Cost Contributed | OPEB Obligation |
|---------------|---------------------|--------------------------|--------------------|
| June 30, 2014 | \$ 192,406 | 13.5% | \$ 943,380 |
| June 30, 2015 | 269,574 | 15.9% | 1,170,224 |
| June 30, 2016 | 267,862 | 14.7% | 1,398,735 |

Funded status and funding progress: As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, 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 \$26,852,000 and the ratio of the UAAL to covered payroll was 7.92 percent. As of June 30, 2016, 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 August 1, 2015, for busing equipment and services required for the busing of all District students. The terms call for the leasing of 32 buses at varying rates per bus. All services are provided by the lessor. The lease runs for one year, beginning August 1, 2015. For the year ended June 30, 2016, the equipment portion of the lease called for payments of \$1,600 per bus for 32 buses at 12 months per year, or an annual payment of \$614,400. The lease payments for the year ended June 30, 2016, totaled \$1,182,791.

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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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 – 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. 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 2016, 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.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits (Continued)

The District's contributions to IPERS for the year ended June 30, 2016 were \$2,397,854.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the District reported a liability of \$18,085,204 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the District's proportion was .3660614 percent, which was an increase of .000457 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,756,115. At June 30, 2016, 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 | \$ 273,244 | \$ - |
| Changes of assumptions | 497,931 | - |
| Net difference between projected and actual earnings on pension plan investments | 2,705,905 | 4,211,073 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 813,877 | - |
| District contributions subsequent to the measurement date | 2,397,854 | - |
| Total | <u>\$ 6,688,811</u> | <u>\$ 4,211,073</u> |

Deferred outflows of resources of \$2,397,854 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, 2017. 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, | |
|---------------------|------------------|
| 2017 | \$ (271,674) |
| 2018 | (271,674) |
| 2019 | (271,674) |
| 2020 | 870,796 |
| 2021 | 24,110 |
| Total | <u>\$ 79,884</u> |

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2015 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 per annum |
| Salary Increases (effective June 30, 2010) | 4.00 percent to 17.00 percent average, including inflation. Rates vary by membership group. |
| Investment rate of return (effective June 30, 1996) | 7.50 percent per annum, compounded annually, net of pension plan, investment expense, including inflation |
| Wage growth (effective June 30, 1990) | 4.00 percent per annum, based on 3.00 percent inflation and 1.00 percent real wage inflation |

The actuarial assumptions used in the June 30, 2015 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. 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 |
|------------------------|------------------|--|
| Core plus fixed income | 28% | 2.04% |
| Domestic equity | 24% | 6.29% |
| International equity | 16% | 6.75% |
| Private equity/debt | 11% | 11.32% |
| Real estate | 8% | 3.48% |
| Credit opportunities | 5% | 3.63% |
| U.S. TIPS | 5% | 1.91% |
| Other real assets | 2% | 6.24% |
| Cash | 1% | -0.71% |
| Total | 100% | |

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 8. Pension and Retirement Benefits (Continued)

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 | \$ 31,663,939 | \$ 18,085,204 | \$ 6,623,778 |

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.

Payables to the Pension Plan – At June 30, 2016, the District reported payables to the defined benefit pension plan of \$299,446 for legally required employer contributions and \$199,519 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, 2016 and 2015 were as follows:

| Self-Insurance Liability | Beginning | Claims and Changes in Estimates | Claim Payments | Ending |
|--------------------------|------------|---------------------------------------|-------------------|------------|
| 2016 | \$ 486,231 | \$ 3,106,007 | \$ 3,084,260 | \$ 507,978 |
| 2015 | 547,452 | 3,180,320 | 3,241,541 | 486,231 |

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 9. Risk Management (Continued)

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 \$1,826,774 for the year ended June 30, 2016 and is recorded in the General Fund.

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2016 is comprised of the following programs:

| Program | Amount |
|--|--------------------------|
| Limited English proficient | \$ 24,940 |
| Home school assistance | 17,189 |
| Gifted and talented | 16,466 |
| Dropout prevention | 35,598 |
| Four year old preschool | 152,562 |
| Model core curriculum | 221,229 |
| Teacher leadership | 72,120 |
| Successful progression for early readers | 47,413 |
| Other | 13,006 |
| Total | <u><u>\$ 600,523</u></u> |

Note 12. Commitments

The District has entered into various contracts totaling \$19,931,917 for elementary and junior high and high school classroom additions, parking lot improvements and restroom upgrades. As of June 30, 2016, costs of \$10,478,981 had been incurred against the contracts. The balance of \$9,452,936 remaining as of June 30, 2016 will be paid as work on the projects progress.

Pleasant Valley Community School District

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB)

The District adopted the following statements during the year ended June 30, 2016:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015. 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. 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 No. 68 for pension plans and pensions that are within their respective scopes.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015. 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 non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015. This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Standard also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools.

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

As of June 30, 2016, 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. 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*.

Pleasant Valley Community School District

Notes to Basic Financial Statements

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

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. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the District beginning with its year ending June 30, 2017. This Statement is intended to provide additional information about tax abatements to the public to further the ability to assess how tax abatements affect the District's financial position and results of operations, including the District's ability to raise revenue sources in the futures. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015, will be effective for the District beginning with its year ending June 30, 2017. The objective of this Statement is to address the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions* to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provided defined benefit pensions to both employees of state and local governments and to employees who are not state or local governmental employees, and (3) has no predominate stator or local government employer.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, issued January 2016, will be effective for the District beginning with its year ending June 30, 2017. This Statement amends the blending requirements for the for the financial statement presentation of component units of state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the District beginning with its year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73*, issued March 2016, will be effective for the District beginning with its year ending June 30, 2018. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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. Subsequent Event

On September 12, 2016, the Board of Education authorized the District to issue \$10,000,000 in statewide sales, services and use tax revenue bonds. The bonds were issued in October 2016. The bonds bear interest at 1.96% payable semiannually on January 1 and July 1. Principal amounts ranging from \$810,000 to \$945,000 are payable annually on July 1 beginning on July 1, 2018 and maturing on July 1, 2029.

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Pleasant Valley Community School District

**Required Supplementary Information
 Schedule of Funding Progress for the Retiree Health Plan
 Year Ended June 30, 2016**

| 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) | AAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|--|
| 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% |
| 2016 | 7/1/2014 | - | 2,126 | 2,126 | 0.00% | 26,852 | 7.92% |

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

**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, 2016**

| | Governmental Funds - Actual | Enterprise Fund - Actual |
|---|--------------------------------|-----------------------------|
| Revenues: | | |
| Local sources | \$ 23,463,846 | \$ 1,595,076 |
| State sources | 29,754,655 | 14,241 |
| Federal sources | 904,035 | 568,661 |
| Total revenues | 54,122,536 | 2,177,978 |
| Expenditures/expenses: | | |
| Instruction | 32,013,799 | - |
| Support services | 13,960,024 | 76,665 |
| Noninstructional programs | 42,924 | 1,806,857 |
| Other expenditures | 12,118,067 | 2,801 |
| Total expenditures/expenses | 58,134,814 | 1,886,323 |
| Excess (deficiency) of revenues over (under) expenditures/expenses | (4,012,278) | 291,655 |
| Other financing sources (uses): | | |
| Proceeds from sale of capital assets | 2,361 | - |
| Issuance of long term debt | 10,000,000 | - |
| Interfund transfers in | 716,187 | - |
| Interfund transfers out | (686,162) | (30,025) |
| Total other financing sources (uses) | 10,032,386 | (30,025) |
| Net change in fund balance | 6,020,108 | 261,630 |
| Balance, beginning of year | 8,130,974 | 700,805 |
| Balance, end of year | \$ 14,151,082 | \$ 962,435 |

See Notes to Required Supplementary Information.

| Total Actual | Budgeted Amounts | | Final to Actual Variance |
|---------------|------------------|----------------|-----------------------------|
| | Original | Final | |
| \$ 25,058,922 | \$ 24,919,484 | \$ 24,919,484 | \$ 139,438 |
| 29,768,896 | 29,132,957 | 29,132,957 | 635,939 |
| 1,472,696 | 1,350,969 | 1,350,969 | 121,727 |
| 56,300,514 | 55,403,410 | 55,403,410 | 897,104 |
| 32,013,799 | 32,898,292 | 37,353,609 | 5,339,810 |
| 14,036,689 | 14,443,950 | 16,739,048 | 2,702,359 |
| 1,849,781 | 2,016,579 | 2,671,282 | 821,501 |
| 12,120,868 | 9,197,297 | 18,248,026 | 6,127,158 |
| 60,021,137 | 58,556,118 | 75,011,965 | 14,990,828 |
| (3,720,623) | (3,152,708) | (19,608,555) | 15,887,932 |
| 2,361 | 500 | 500 | 1,861 |
| 10,000,000 | 930,000 | 930,000 | 9,070,000 |
| 716,187 | 67,000 | 67,000 | 649,187 |
| (716,187) | 720,000 | 720,000 | (1,436,187) |
| 10,002,361 | 1,717,500 | 1,717,500 | 8,284,861 |
| 6,281,738 | (1,435,208) | (17,891,055) | 24,172,793 |
| 8,831,779 | 8,831,779 | 8,831,779 | - |
| \$ 15,113,517 | \$ 7,396,571 | \$ (9,059,276) | \$ 24,172,793 |

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 Two Fiscal Years***

| | 2016* | 2015* |
|---|---------------|---------------|
| District's proportion of the net pension liability | 0.366061% | 0.365605% |
| District's proportionate share of the net pension liability | \$ 18,085,204 | \$ 14,499,546 |
| District's covered-employee payroll | \$ 25,093,051 | \$ 23,941,880 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 72.07% | 60.56% |
| Plan fiduciary net pension as a percentage of the total pension liability | 85.19% | 87.61% |

*The amounts presented for each fiscal year were determined as of the prior fiscal-year end.

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.

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Pleasant Valley Community School District

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

| | 2016 | 2015 | 2014 | 2013 |
|---|------------|------------|------------|------------|
| Statutorily required contribution | \$ 2,398 | \$ 2,241 | \$ 2,138 | \$ 1,913 |
| Contributions in relation to the statutorily required contribution | \$ (2,398) | \$ (2,241) | \$ (2,138) | \$ (1,913) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 26,852 | \$ 25,093 | \$ 23,942 | \$ 22,065 |
| Contributions as a percentage of covered-employee payroll | 8.93% | 8.93% | 8.93% | 8.67% |

See Notes to Required Supplementary Information.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|------------|------------|------------|------------|------------|-----------|
| \$ 1,681 | \$ 1,345 | \$ 1,295 | \$ 1,178 | \$ 1,030 | \$ 922 |
| \$ (1,681) | \$ (1,345) | \$ (1,295) | \$ (1,178) | \$ (1,030) | \$ (922) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 20,831 | \$ 19,345 | \$ 19,472 | \$ 18,551 | \$ 17,023 | \$ 16,031 |
| 8.07% | 6.95% | 6.65% | 6.35% | 6.05% | 5.75% |

Pleasant Valley Community School District

Note 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 GAAP 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 \$16,455,847.

During the year ended June 30, 2016, 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.

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.

Pleasant Valley Community School District

Note to Required Supplementary Information

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

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.

Pleasant Valley Community School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

| | Special Revenue | | | Total |
|---|---------------------|---------------------|-------------------|---------------------|
| | Management Levy | Student Activity | Debt Service | |
| Assets | | | | |
| Cash and pooled investments | \$ 1,687,200 | \$ 833,930 | \$ 594,338 | \$ 3,115,468 |
| Receivables: | | | | |
| Property tax: | | | | |
| Current year | 1,900 | - | - | 1,900 |
| Succeeding year | 700,000 | - | - | 700,000 |
| Accounts | - | 2,137 | - | 2,137 |
| Due from other governments | - | 91 | - | 91 |
| Prepaid items | - | 1,112 | - | 1,112 |
| Total assets | \$ 2,389,100 | \$ 837,270 | \$ 594,338 | \$ 3,820,708 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 184,960 | \$ 45,918 | \$ - | \$ 230,878 |
| Unearned revenue | - | 119,049 | - | 119,049 |
| Total liabilities | 184,960 | 164,967 | - | 349,927 |
| Deferred inflows of resources, Unavailable revenue-succeeding year property tax | 700,000 | - | - | 700,000 |
| Fund balances: | | | | |
| Nonspendable | - | 1,112 | - | 1,112 |
| Restricted | 1,504,140 | 671,191 | 594,338 | 2,769,669 |
| Total fund balances | 1,504,140 | 672,303 | 594,338 | 2,770,781 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 2,389,100 | \$ 837,270 | \$ 594,338 | \$ 3,820,708 |

Pleasant Valley Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2016

| | Special Revenue | | | Total |
|--|-----------------|------------------|-----------------|------------------|
| | Management Levy | Student Activity | Debt Service | |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 721,565 | \$ - | \$ - | \$ 721,565 |
| Other | 24,430 | 884,642 | 1,132 | 910,204 |
| State sources | 14,211 | - | - | 14,211 |
| Total revenues | 760,206 | 884,642 | 1,132 | 1,645,980 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 309,617 | 925,959 | - | 1,235,576 |
| Support services: | | | | |
| Student services | 32,336 | - | - | 32,336 |
| Instructional staff services | 9,433 | - | - | 9,433 |
| Administration services | 33,882 | 3,432 | - | 37,314 |
| Operation and maintenance of plant services | 281,197 | 2,056 | - | 283,253 |
| Transportation services | 2,985 | - | - | 2,985 |
| Noninstructional programs | 31,585 | - | - | 31,585 |
| Debt Service: | | | | |
| Interest | - | - | 92,956 | 92,956 |
| Total expenditures | 701,035 | 931,447 | 92,956 | 1,725,438 |
| Excess (deficiency) of revenues over (under) expenditures | 59,171 | (46,805) | (91,824) | (79,458) |
| Other financing sources: | | | | |
| Transfers in | - | - | 686,162 | 686,162 |
| Total other financing sources | - | - | 686,162 | 686,162 |
| Net change in fund balances | 59,171 | (46,805) | 594,338 | 606,704 |
| Fund balances, beginning of year | 1,444,969 | 719,108 | - | 2,164,077 |
| Fund balances, end of year | \$ 1,504,140 | \$ 672,303 | \$ 594,338 | \$ 2,770,781 |

Pleasant Valley Community School District

**Schedule of Combining Balance Sheet
Capital Project Fund - By Account
June 30, 2016**

| | <u>Capital Projects Accounts</u> | | |
|--|---|--|----------------------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Total |
| Assets | | | |
| Cash and pooled investments | \$ 7,042,564 | \$ 690,671 | \$ 7,733,235 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | - | 6,031 | 6,031 |
| Succeeding year | - | 2,410,000 | 2,410,000 |
| Prepaid expenses | - | 8,544 | 8,544 |
| Due from other governments | 588,153 | 15,333 | 603,486 |
| Total assets | \$ 7,630,717 | \$ 3,130,579 | \$ 10,761,296 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | 2,138,548 | 351,992 | 2,490,540 |
| Total liabilities | 2,138,548 | 351,992 | 2,490,540 |
| Deferred Inflows of Resources: | | | |
| Unavailable revenue-succeeding year property tax | - | 2,410,000 | 2,410,000 |
| Unavailable revenue-statewide sales and services tax | 208,983 | - | 208,983 |
| Total deferred inflows of resources | 208,983 | 2,410,000 | 2,618,983 |
| Fund Balances: | | | |
| Restricted for: | | | |
| Physical plant and equipment | - | 368,587 | 368,587 |
| School infrastructure | 5,283,186 | - | 5,283,186 |
| Total fund balances | 5,283,186 | 368,587 | 5,651,773 |
| Total liabilities and fund balances | \$ 7,630,717 | \$ 3,130,579 | \$ 10,761,296 |

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, 2016

| | Capital Projects Accounts | | |
|---|---|--|--------------------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Total |
| Revenues: | | | |
| Local sources: | | | |
| Local tax | \$ - | \$ 2,476,409 | \$ 2,476,409 |
| Other | 40,693 | 28,176 | 68,869 |
| State sources | 4,182,214 | 47,583 | 4,229,797 |
| Federal sources | - | 15,333 | 15,333 |
| Total revenues | 4,222,907 | 2,567,501 | 6,790,408 |
| Expenditures: | | | |
| Current: | | | |
| Instruction | - | 340,496 | 340,496 |
| Support services: | | | |
| Instructional staff services | - | 3,100 | 3,100 |
| Administration services | - | 163,636 | 163,636 |
| Operation and maintenance of plant services | - | 109,916 | 109,916 |
| Transportation services | - | 202,300 | 202,300 |
| Other expenditures, facilities acquisition | 8,077,512 | 2,007,168 | 10,084,680 |
| Debt service, bond issuance costs | 113,657 | - | 113,657 |
| Total expenditures | 8,191,169 | 2,826,616 | 11,017,785 |
| (Deficiency) of revenues over (under) expenditures | (3,968,262) | (259,115) | (4,227,377) |
| Other financing sources (uses): | | | |
| Proceeds from sale of capital assets | - | 1,300 | 1,300 |
| Issuance of long term debt | 10,000,000 | - | 10,000,000 |
| Transfers in | 260,000 | 845,000 | 1,105,000 |
| Transfers out | (1,531,162) | (260,000) | (1,791,162) |
| Total other financing sources (uses) | 8,728,838 | 586,300 | 9,315,138 |
| Net change in fund balance | 4,760,576 | 327,185 | 5,087,761 |
| Fund balance, beginning of year | 522,610 | 41,402 | 564,012 |
| Fund balance, end of year | \$ 5,283,186 | \$ 368,587 | \$ 5,651,773 |

Pleasant Valley Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year Ended June 30, 2016

| Account | Balance Beginning of Year | Revenues | Expenditures | Balance End of Year |
|--|---------------------------------|----------|--------------|---------------------------|
| Elementary and Junior High Activities: | | | | |
| P.V.J.H. Athletics | \$ 6,037 | \$ 1,110 | \$ 1,463 | \$ 5,684 |
| P.V.J.H. Band | 1,554 | 17,512 | 16,603 | 2,463 |
| P.V.J.H. Vocal Music | 1,074 | 2,093 | 3,000 | 167 |
| P.V.J.H. Bookstore | 173 | 1,138 | 1,137 | 174 |
| P.V.J.H. Drama | 8,000 | 6,238 | 6,585 | 7,653 |
| P.V.J.H. Chorus | 1,297 | 8,254 | 8,154 | 1,397 |
| P.V.J.H. General Activities | 10,655 | 2,978 | 6,044 | 7,589 |
| P.V.J.H. PTA | 1,487 | 123 | 123 | 1,487 |
| P.V.J.H. Home Economics | 1,697 | - | - | 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 | 1,452 | 2,091 | 1,529 | 2,014 |
| P.V.J.H. Weightlifting Club | - | 2,880 | 1,990 | 890 |
| P.V.J.H. Orchestra | 1,073 | 3,782 | 4,228 | 627 |
| P.V.J.H. Yearbook | 1,697 | 12,195 | 8,761 | 5,131 |
| Bridgeview Bookstore | 625 | - | - | 625 |
| Bridgeview General Activities | 14,731 | 5,449 | 3,865 | 16,315 |
| Bridgeview PTA Donations | - | 3,295 | 3,295 | - |
| Bridgeview Yearbook | - | 1,756 | 1,641 | 115 |
| Bridgeview Student Activity | 9 | - | - | 9 |
| Bridgeview Vocal Music | 47 | 200 | 180 | 67 |
| Cody Band | 3 | - | - | 3 |
| Cody Book Club | 903 | 449 | - | 1,352 |
| Cody Bookstore | 295 | - | - | 295 |
| Cody Candy Sales | 1,066 | 1,933 | 1,793 | 1,206 |
| Cody General Activities | 29,686 | 6,021 | 6,898 | 28,809 |
| Cody Student Fund | 429 | - | - | 429 |
| Cody Vocal Music | - | 200 | 200 | - |
| Cody Yearbook | 4,399 | 1,576 | 1,467 | 4,508 |
| Cody Student Council | 65 | - | - | 65 |
| Cody PTA Donations | - | 4,378 | 4,368 | 10 |
| Hopewell General Activities | 8,007 | 7,330 | 2,826 | 12,511 |
| Hopewell PTA | 20,172 | 17,368 | 32,878 | 4,662 |
| Hopewell Book Club | 593 | 909 | 582 | 920 |
| Hopewell Vocal Music | 256 | 200 | 394 | 62 |
| Hopewell Yearbook | 2,524 | 6,604 | 6,886 | 2,242 |
| Pleasant View General Activities | 18,346 | 8,729 | 4,969 | 22,106 |
| Pleasant View PTA | 7,829 | 24,473 | 28,109 | 4,193 |
| Pleasant View Vocal Music | 562 | - | - | 562 |
| Pleasant View Book Club | 426 | 2,216 | 2,318 | 324 |
| Pleasant View Yearbook | 1,042 | 8,314 | 8,954 | 402 |
| Riverdale Book Club | 4,585 | 775 | 1,663 | 3,697 |

(Continued)

Pleasant Valley Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts (Continued)
 Year Ended June 30, 2016

| 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 | 16,408 | 6,342 | 4,368 | 18,382 |
| Riverdale PTA | 1,275 | 5,391 | 1,605 | 5,061 |
| Riverdale Student Council | 1,652 | - | - | 1,652 |
| Riverdale Science | 843 | - | - | 843 |
| Riverdale Band | 500 | - | - | 500 |
| Riverdale Vocal Music | 115 | - | 80 | 35 |
| Riverdale Yearbook | 1,204 | 6,104 | 5,938 | 1,370 |
| District-Wide Garage Sale | 1,234 | - | - | 1,234 |
| District-Wide Wellness | 219 | - | - | 219 |
| District-Wide STEM Night | - | 240 | - | 240 |
| Interest | 44,079 | 1,294 | - | 45,373 |
| 6th Grade Choir | 1,339 | 798 | 150 | 1,987 |
| High School Activities: | | | | |
| General Administrative | 2,193 | 3,092 | 5,086 | 199 |
| Clubs and Organizations | 54,624 | 208,694 | 196,848 | 66,470 |
| Drama | 49,769 | 78,935 | 60,733 | 67,971 |
| Therapy Dog | 573 | - | 47 | 526 |
| High School Athletics | 161,557 | - | 53,614 | 107,943 |
| Sparkles | 2,336 | - | - | 2,336 |
| Music Clubs | 43,690 | 54,980 | 64,953 | 33,717 |
| Habitat | 55 | 10 | - | 65 |
| FCCLA | 1,115 | - | - | 1,115 |
| Croquet/Gentlemen's Club | 151 | - | - | 151 |
| PV Pals | 926 | 114 | 24 | 1,016 |
| PV Shining Stars | 878 | 100 | 793 | 185 |
| PVMCSA | 145 | - | - | 145 |
| Multi-occupations | 72 | - | - | 72 |
| First Robotics Club | 138 | 4,724 | 2,313 | 2,549 |
| Valenian | - | 63,022 | 60,901 | 2,121 |
| Athletic Support Groups | 139,008 | 451,375 | 465,696 | 124,687 |
| Interest | 39,385 | 2,750 | 1,287 | 40,848 |
| Intrafund Transfers | - | 165,892 | 165,892 | - |
| Total | \$ 719,108 | \$ 884,642 | \$ 931,447 | \$ 672,303 |

Pleasant Valley Community School District

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Fund

Year Ended June 30, 2016

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|-----------------------------|---------------------------------|-------------------|------------------|---------------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 21,059 | \$ 58,288 | \$ 48,728 | \$ 30,619 |
| Total assets | \$ 21,059 | \$ 58,288 | \$ 48,728 | \$ 30,619 |
| Liabilities | | | | |
| Accounts payable | \$ 3,012 | \$ 48,863 | \$ 50,654 | \$ 1,221 |
| Due to other groups | 18,047 | 59,225 | 47,874 | 29,398 |
| Total liabilities | \$ 21,059 | \$ 108,088 | \$ 98,528 | \$ 30,619 |

Pleasant Valley Community School District

Statistical Section Contents

The statistical section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

| Contents | Page |
|--|--------|
| Financial Trends | 66-79 |
| These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time. | |
| Revenue Capacity | 80- 84 |
| These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes. | |
| Debt Capacity | 85- 90 |
| These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 91- 92 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments | |
| Operating Information | 93-100 |
| These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs. | |

Pleasant Valley Community School District

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Governmental activities: | | | | |
| Net investment in | | | | |
| capital assets | \$ 24,652,692 | \$ 24,754,540 | \$ 26,094,340 | \$ 32,674,586 |
| Restricted | 5,565,915 | 8,401,785 | 9,522,712 | 2,604,812 |
| Unrestricted | 729,222 | 298,085 | 51,532 | 1,776,273 |
| Business-type activities | | | | |
| Net investment in | | | | |
| capital assets | 74,499 | 407,386 | 383,011 | 615,381 |
| Restricted | - | - | - | - |
| Unrestricted | 490,399 | 204,266 | 240,923 | 356,830 |
| Total primary government net position | \$ 31,512,727 | \$ 34,066,062 | \$ 36,292,518 | \$ 38,027,882 |

* Implemented GASB Statement No. 68
Source: District financial records

| | | | | | | | Fiscal Year | | | | |
|------|------------|------|------------|------|------------|-------|--------------|------|--------------|------|-------------|
| 2011 | | 2012 | | 2013 | | 2014* | | 2015 | | 2016 | |
| \$ | 35,416,366 | \$ | 39,438,488 | \$ | 42,382,057 | \$ | 44,512,322 | \$ | 47,577,526 | \$ | 46,357,427 |
| | 2,589,500 | | 2,059,359 | | 2,240,011 | | 2,972,549 | | 3,299,023 | | 7,618,033 |
| | 3,262,040 | | 3,477,612 | | 3,488,313 | | (13,208,319) | | (11,059,471) | | (9,745,457) |
| | 556,585 | | 823,880 | | 738,225 | | 664,469 | | 583,135 | | 523,807 |
| | 20,500 | | 18,333 | | 5,264 | | 11,156 | | 10,843 | | 7,646 |
| | 426,911 | | 287,018 | | 251,117 | | (51,931) | | 106,827 | | 430,982 |
| \$ | 42,271,902 | \$ | 46,104,690 | \$ | 49,104,987 | \$ | 34,900,246 | \$ | 40,517,883 | \$ | 45,192,438 |

Pleasant Valley Community School District

Expenses, Program Revenues and Net (Expense) Revenue

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Expenses: | | | | |
| Governmental activities: | | | | |
| Regular instruction | \$ 13,509,172 | \$ 14,229,944 | \$ 15,987,353 | \$ 16,087,293 |
| Special instruction | 3,063,722 | 3,213,466 | 3,218,555 | 3,345,159 |
| Other instruction | 2,213,719 | 2,349,007 | 3,093,787 | 3,418,467 |
| Student services | 863,305 | 828,577 | 985,822 | 989,167 |
| Instructional staff services | 1,143,764 | 1,174,235 | 1,354,842 | 1,416,350 |
| Administration services | 2,720,534 | 2,827,081 | 3,111,140 | 3,093,443 |
| Operation and maintenance of plant services | 2,116,492 | 2,422,360 | 2,272,373 | 2,219,433 |
| Transportation services | 1,148,507 | 1,255,851 | 1,364,898 | 1,359,966 |
| Noninstructional | 5,618 | 8,482 | 27,014 | 34,120 |
| Interest on long-term debt | 8,606 | 3,653 | 109 | - |
| AEA flowthrough | 1,013,545 | 1,105,685 | 1,213,051 | 1,378,910 |
| Depreciation (unallocated) | 941,960 | 1,048,486 | 1,132,464 | 1,161,772 |
| Total governmental activities | 28,748,944 | 30,466,827 | 33,761,408 | 34,504,080 |
| Business-type activities: | | | | |
| Administration Service | - | - | 21,076 | 22,508 |
| Operation and maintenance of plant services | 43,300 | 59,103 | 39,219 | 21,089 |
| Food service operations | 1,108,896 | 1,254,009 | 1,336,918 | 1,284,572 |
| Total business-type activities | 1,152,196 | 1,313,112 | 1,397,213 | 1,328,169 |
| Total primary government expenses | 29,901,140 | 31,779,939 | 35,158,621 | 35,832,249 |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| Instruction: | | | | |
| Regular instruction | 2,007,144 | 1,949,687 | 2,069,140 | 2,082,351 |
| Special instruction | 30,192 | 81,723 | 51,062 | 43,439 |
| Other instruction | 615,706 | 673,520 | 689,438 | 684,347 |
| Support services | 17,730 | 19,122 | 15,740 | 11,544 |
| Operating grants and contributions | 2,764,390 | 3,435,421 | 4,717,047 | 6,595,552 |
| Capital grants and contributions | - | - | - | - |
| Total governmental activities | 5,435,162 | 6,159,473 | 7,542,427 | 9,417,233 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Food service operations | 954,870 | 1,058,076 | 1,099,687 | 1,083,719 |
| Operating grants and contributions | 262,952 | 284,489 | 305,758 | 352,830 |
| Capital grants and contributions | - | - | - | 237,385 |
| Total business-type activities | 1,217,822 | 1,342,565 | 1,405,445 | 1,673,934 |
| Total primary government revenues | 6,652,984 | 7,502,038 | 8,947,872 | 11,091,167 |
| Net (expense) revenues: | | | | |
| Total governmental activities | (23,313,782) | (24,307,354) | (26,218,981) | (25,086,847) |
| Total business-type activities | 65,626 | 29,453 | 8,232 | 345,765 |
| Total primary government revenues | \$ (23,248,156) | \$ (24,277,901) | \$ (26,210,749) | \$ (24,741,082) |

Source: District financial records

| | | Fiscal Year | | | | | | | | | |
|----|--------------|-------------|--------------|------|--------------|------|--------------|----|--------------|----|--------------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | | | |
| \$ | 17,377,707 | \$ | 18,857,785 | \$ | 21,218,305 | \$ | 23,050,148 | \$ | 23,184,329 | \$ | 25,438,186 |
| | 3,094,014 | | 3,375,620 | | 3,234,334 | | 3,468,985 | | 3,526,775 | | 3,685,199 |
| | 3,082,738 | | 3,375,699 | | 3,689,360 | | 4,306,623 | | 4,584,831 | | 4,426,675 |
| | 1,002,834 | | 1,141,984 | | 1,351,144 | | 1,612,251 | | 1,653,333 | | 1,805,292 |
| | 1,241,087 | | 1,704,451 | | 1,516,098 | | 1,747,264 | | 1,837,349 | | 3,217,189 |
| | 3,167,175 | | 3,670,053 | | 3,898,423 | | 4,278,116 | | 3,492,635 | | 3,730,755 |
| | 2,352,852 | | 2,495,867 | | 3,179,559 | | 3,986,499 | | 3,811,382 | | 3,683,918 |
| | 1,476,472 | | 1,362,563 | | 1,285,740 | | 1,346,380 | | 1,368,313 | | 1,687,983 |
| | 31,633 | | 24,476 | | 17,808 | | 18,959 | | 20,941 | | 42,924 |
| | - | | - | | - | | - | | - | | 206,613 |
| | 1,426,627 | | 1,380,061 | | 1,476,199 | | 1,638,338 | | 1,744,881 | | 1,826,774 |
| | 1,160,776 | | 1,567,684 | | 248,002 | | - | | - | | - |
| | 35,413,915 | | 38,956,243 | | 41,114,972 | | 45,453,563 | | 45,224,769 | | 49,751,508 |
| | 25,939 | | 30,397 | | 40,932 | | 34,856 | | 56,128 | | 44,303 |
| | 39,784 | | 47,491 | | 45,426 | | 60,236 | | 60,236 | | 32,362 |
| | 1,278,738 | | 1,457,413 | | 1,623,660 | | 1,731,856 | | 1,756,835 | | 1,809,658 |
| | 1,344,461 | | 1,535,301 | | 1,710,018 | | 1,826,948 | | 1,873,199 | | 1,886,323 |
| | 36,758,376 | | 40,491,544 | | 42,824,990 | | 47,280,511 | | 47,097,968 | | 51,637,831 |
| | 2,241,370 | | 2,267,346 | | 2,145,168 | | 2,169,067 | | 2,306,499 | | 2,383,423 |
| | 11,250 | | 6,216 | | 7,027 | | 46,159 | | 880 | | - |
| | 673,335 | | 703,029 | | 730,854 | | 902,136 | | 928,278 | | 874,540 |
| | 13,186 | | 20,181 | | 31,620 | | 32,940 | | 28,130 | | 36,603 |
| | 5,061,403 | | 5,471,355 | | 5,057,477 | | 5,529,965 | | 6,028,330 | | 7,726,677 |
| | 829,521 | | - | | - | | - | | - | | - |
| | 8,830,065 | | 8,468,127 | | 7,972,146 | | 8,680,267 | | 9,292,117 | | 11,021,243 |
| | 1,026,912 | | 1,147,332 | | 1,253,276 | | 1,410,966 | | 1,517,506 | | 1,590,833 |
| | 351,094 | | 360,182 | | 419,960 | | 489,200 | | 579,884 | | 582,902 |
| | - | | 249,500 | | - | | - | | - | | - |
| | 1,378,006 | | 1,757,014 | | 1,673,236 | | 1,900,166 | | 2,097,390 | | 2,173,735 |
| | 10,208,071 | | 10,225,141 | | 9,645,382 | | 10,580,433 | | 11,389,507 | | 13,194,978 |
| | (26,583,850) | | (30,488,116) | | (33,142,826) | | (36,773,296) | | (35,932,652) | | (38,730,265) |
| | 33,545 | | 221,713 | | (36,782) | | 73,218 | | 224,191 | | 287,412 |
| \$ | (26,550,305) | \$ | (30,266,403) | \$ | (33,179,608) | \$ | (36,700,078) | \$ | (35,708,461) | \$ | (38,442,853) |

Pleasant Valley Community School District

General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 |
| General revenues and other changes in net position: | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes levied for: | | | | |
| General purposes | 9,804,037 | 10,329,281 | 11,610,216 | 12,338,121 |
| Capital projects | 1,119,898 | 1,172,676 | 1,326,489 | 1,423,702 |
| Other specific purposes | | | | |
| Statewide sales and services tax | 2,930,887 | 3,146,048 | 3,120,734 | 2,593,647 |
| Other taxes | | | | |
| Unrestricted grants | 11,455,274 | 12,335,394 | 12,541,781 | 10,505,487 |
| Miscellaneous | 201,041 | 171,551 | 144,195 | 181,219 |
| Investment earnings | 360,604 | 305,682 | 206,738 | 70,425 |
| Transfers | | | | |
| Total governmental activities | 25,871,741 | 27,460,632 | 28,950,153 | 27,112,601 |
| Business-type activities: | | | | |
| Investment earnings | 25,920 | 17,301 | 4,050 | 2,512 |
| Transfers | | | | |
| Total business-type activities | 25,920 | 17,301 | 4,050 | 2,512 |
| Total primary government | 25,897,661 | 27,477,933 | 28,954,203 | 27,115,113 |
| Change in net position: | | | | |
| Total governmental activities | 2,557,959 | 3,153,278 | 2,731,172 | 2,025,754 |
| Total business-type activities | 91,546 | 46,754 | 12,282 | 348,277 |
| Total primary government | \$ 2,649,505 | \$ 3,200,032 | \$ 2,743,454 | \$ 2,374,031 |

Source: District financial records

| Fiscal Year | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 13,123,314 | 13,418,948 | 13,912,454 | 14,939,441 | 15,411,593 | 15,937,619 |
| 1,448,716 | 1,896,509 | 2,053,152 | 2,157,906 | 2,268,217 | 2,379,912 |
| | | 598,148 | 629,038 | 661,553 | 690,670 |
| 3,024,239 | 3,192,316 | 3,443,992 | 3,680,667 | 4,080,583 | 4,194,086 |
| 650,915 | 690,774 | 670,829 | 624,049 | 703,284 | 761,249 |
| 12,638,289 | 14,533,843 | 15,257,879 | 17,312,624 | 17,785,894 | 18,552,175 |
| 308,774 | 274,649 | 194,892 | 325,442 | 344,825 | 509,597 |
| 53,944 | 89,130 | 46,402 | 53,815 | 67,229 | 87,857 |
| 5,685 | 99,500 | 100,000 | 100,000 | 150,000 | 30,025 |
| 31,253,876 | 34,195,669 | 36,277,748 | 39,822,982 | 41,473,178 | 43,143,190 |
| 3,925 | 3,022 | 2,157 | 2,190 | 2,920 | 4,243 |
| (5,685) | (99,500) | (100,000) | (100,000) | (150,000) | (30,025) |
| (1,760) | (96,478) | (97,843) | (97,810) | (147,080) | (25,782) |
| 31,252,116 | 34,099,191 | 36,179,905 | 39,725,172 | 41,326,098 | 43,117,408 |
| 4,670,026 | 3,707,553 | 3,134,922 | 3,049,686 | 5,540,526 | 4,412,925 |
| 31,785 | 125,235 | (134,625) | (24,592) | 77,111 | 261,630 |
| \$ 4,701,811 | \$ 3,832,788 | \$ 3,000,297 | \$ 3,025,094 | \$ 5,617,637 | \$ 4,674,555 |

Pleasant Valley Community School District

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 |
| General Fund: | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Reserved | 71,090 | 138,141 | 163,283 | 304,052 |
| Unreserved | 1,713,909 | 1,194,917 | 1,298,207 | 1,066,575 |
| Total General Fund | 1,784,999 | 1,333,058 | 1,461,490 | 1,370,627 |
| All other governmental funds: | | | | |
| Nonspendable | - | - | - | - |
| Restricted for: | | | | |
| Capital projects funds | - | - | - | - |
| Debt service | - | - | - | - |
| Special revenue funds | - | - | - | - |
| Reserved | - | 2,690 | 2,263 | 2,244 |
| Unreserved, reported in: | | | | |
| Capital projects funds | 3,300,438 | 5,477,260 | 6,202,168 | 1,113,910 |
| Special revenue funds | 1,111,468 | 1,284,262 | 1,670,434 | 1,568,387 |
| Unassigned | - | - | - | - |
| Total all other governmental funds | 4,411,906 | 6,764,212 | 7,874,865 | 2,684,541 |
| Total governmental funds | \$ 6,196,905 | \$ 8,097,270 | \$ 9,336,355 | \$ 4,055,168 |

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, implemented in fiscal year 2011

Source: District financial records

| | | | | | | | Fiscal Year | | | | | |
|------|-----------|------|-----------|------|-----------|------|-------------|------|-----------|------|------------|--|
| 2011 | | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | | |
| \$ | 107,036 | \$ | 80,614 | \$ | 67,445 | \$ | 135,876 | \$ | 67,078 | \$ | 130,038 | |
| | 341,798 | | 339,158 | | 343,577 | | 351,165 | | 379,954 | | 600,523 | |
| | 1,076,177 | | 1,084,957 | | 1,537,285 | | 1,841,702 | | 1,854,244 | | 2,040,642 | |
| | 824,786 | | 1,684,542 | | 1,853,782 | | 2,252,617 | | 3,101,609 | | 2,957,325 | |
| | - | | - | | - | | - | | - | | - | |
| | - | | - | | - | | - | | - | | - | |
| | 2,349,797 | | 3,189,271 | | 3,802,089 | | 4,581,360 | | 5,402,885 | | 5,728,528 | |
| | 6,082 | | 5,281 | | 2,182 | | 7,470 | | 6,131 | | 1,112 | |
| | 1,099,404 | | 168,015 | | 48,175 | | 497,894 | | 564,012 | | 5,651,773 | |
| | - | | - | | - | | - | | - | | 594,338 | |
| | 1,491,566 | | 1,552,186 | | 1,752,553 | | 1,937,684 | | 2,157,946 | | 2,175,331 | |
| | - | | - | | - | | - | | - | | - | |
| | - | | - | | - | | - | | - | | - | |
| | - | | - | | - | | - | | - | | - | |
| | - | | - | | (78,676) | | - | | - | | - | |
| | 2,597,052 | | 1,725,482 | | 1,724,234 | | 2,443,048 | | 2,728,089 | | 8,422,554 | |
| \$ | 4,946,849 | \$ | 4,914,753 | \$ | 5,526,323 | \$ | 7,024,408 | \$ | 8,130,974 | \$ | 14,151,082 | |

Pleasant Valley Community School District

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Local sources: | | | | |
| Property taxes | \$ 10,916,821 | \$ 11,494,759 | \$ 12,925,800 | \$ 13,754,003 |
| Local option sales and services taxes | 2,930,887 | 3,146,048 | 3,120,735 | 2,593,647 |
| Other taxes | - | - | - | - |
| Interest income | 360,604 | 305,682 | 144,195 | 70,425 |
| Other revenues | 3,035,976 | 3,083,110 | 3,264,266 | 3,228,964 |
| Total local sources | 17,244,288 | 18,029,599 | 19,454,996 | 19,647,039 |
| State sources: | | | | |
| Statewide sales, services and use tax | - | - | - | - |
| State foundation aid and state grants | \$ 13,645,019 | \$ 15,093,333 | \$ 16,083,230 | \$ 14,308,611 |
| Total state sources | 13,645,019 | 15,093,333 | 16,083,230 | 14,308,611 |
| Federal sources, federal grants | 429,739 | 494,426 | 939,513 | 2,563,579 |
| Total revenues | \$ 31,319,046 | \$ 33,617,358 | \$ 36,477,739 | \$ 36,519,229 |

Source: District financial records

| | | | | | | | Fiscal Year | | | | | |
|------|------------|------|------------|------|------------|------|-------------|------|------------|------|------------|--|
| 2011 | | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | | |
| \$ | 14,572,030 | \$ | 15,300,800 | \$ | 16,551,212 | \$ | 17,726,385 | \$ | 18,341,363 | \$ | 19,008,201 | |
| | 2,879,239 | | 3,192,316 | | 3,443,992 | | - | | - | | - | |
| | 650,915 | | 690,774 | | 670,829 | | 624,049 | | 703,284 | | 761,249 | |
| | 53,944 | | 89,130 | | 46,402 | | 53,815 | | 67,229 | | 87,857 | |
| | 3,432,820 | | 3,438,637 | | 3,272,005 | | 3,547,653 | | 3,598,092 | | 3,606,539 | |
| | 21,588,948 | | 22,711,657 | | 23,984,440 | | 21,951,902 | | 22,709,968 | | 23,463,846 | |
| | - | | - | | - | | 3,668,835 | | 4,067,504 | | 4,182,214 | |
| \$ | 16,628,060 | \$ | 18,487,056 | \$ | 19,450,611 | \$ | 21,968,271 | \$ | 22,963,212 | \$ | 25,572,441 | |
| | 16,628,060 | | 18,487,056 | | 19,450,611 | | 25,637,106 | | 27,030,716 | | 29,754,655 | |
| | 886,727 | | 1,350,925 | | 698,506 | | 798,107 | | 851,012 | | 904,035 | |
| \$ | 39,103,735 | \$ | 42,549,638 | \$ | 44,133,557 | \$ | 48,387,115 | \$ | 50,591,696 | \$ | 54,122,536 | |

Pleasant Valley Community School District

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Instruction | \$ 18,647,048 | \$ 20,201,496 | \$ 21,884,158 | \$ 22,789,053 |
| Student services | 863,301 | 828,575 | 985,819 | 989,168 |
| Instructional staff services | 1,143,765 | 1,164,236 | 1,354,842 | 1,416,350 |
| Administration services | 2,694,447 | 2,892,734 | 3,048,787 | 3,085,309 |
| Operation and maintenance of plant | 2,110,392 | 2,429,130 | 2,358,107 | 2,268,270 |
| Transportation services | 1,148,507 | 1,255,851 | 1,364,899 | 1,359,967 |
| Noninstructional programs | 5,619 | 8,482 | 27,014 | 34,120 |
| Capital outlay, facilities acquisition | 2,622,079 | 1,730,515 | 2,999,831 | 8,479,269 |
| AEA flowthrough | 1,013,545 | 1,105,685 | 1,213,051 | 1,378,910 |
| Debt service: | | | | |
| Principal | 94,271 | 100,008 | 17,037 | - |
| Interest and fiscal charges | 8,606 | 2,869 | 109 | - |
| Total expenditures | \$ 30,351,580 | \$ 31,719,581 | \$ 35,253,654 | \$ 41,800,416 |
| Debt service as a percentage of noncapital expenditures | 0.37% | 0.34% | 0.05% | 0.00% |

Source: District financial records

| | | Fiscal Year | | | | | | | | | |
|----|------------|-------------|------------|------|------------|------|------------|------------|------------|------------|------------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | | | |
| \$ | 23,782,798 | \$ | 25,271,552 | \$ | 26,410,652 | \$ | 28,708,400 | 30,012,492 | \$ | 32,013,799 | |
| | 1,002,834 | | 1,141,984 | | 1,351,144 | | 1,612,251 | 1,653,333 | | 1,805,292 | |
| | 1,241,087 | | 1,704,452 | | 1,516,098 | | 1,747,264 | 1,837,349 | | 3,217,189 | |
| | 3,200,486 | | 3,496,290 | | 3,577,108 | | 3,955,941 | 4,043,845 | | 4,209,472 | |
| | 2,348,522 | | 2,575,190 | | 2,699,383 | | 3,198,034 | 3,207,753 | | 3,040,088 | |
| | 1,476,472 | | 1,362,563 | | 1,285,740 | | 1,346,380 | 1,368,313 | | 1,687,983 | |
| | 31,633 | | 24,476 | | 17,808 | | 18,959 | 20,941 | | 42,924 | |
| | 3,707,280 | | 6,914,507 | | 6,185,583 | | 4,664,562 | 3,747,432 | | 10,084,680 | |
| | 1,426,627 | | 1,380,061 | | 1,476,199 | | 1,638,338 | 1,744,881 | | 1,826,774 | |
| | - | | 1,050,000 | | 2,075,000 | | 3,700,000 | 2,000,000 | | - | |
| | - | | 13,174 | | 2,774 | | 10,268 | 1,798 | | 206,613 | |
| \$ | 38,217,739 | \$ | 44,934,249 | \$ | 46,597,489 | \$ | 50,600,397 | \$ | 49,638,137 | \$ | 58,134,814 |
| | 0.00% | | 2.81% | | 5.09% | | 7.98% | | 4.31% | | 0.42% |

Pleasant Valley Community School District

Other Financing Sources and Uses and Net Change in Fund Balances

Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

| | Fiscal Year | | | |
|--|-------------------|---------------------|---------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 967,466 | \$ 1,897,777 | \$ 1,224,085 | \$ (5,281,187) |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 1,156 | 2,588 | 15,000 | - |
| Issuance of debt | - | - | - | - |
| Transfers in | 402,877 | 602,877 | 717,146 | 150,000 |
| Transfers out | (402,877) | (602,877) | (717,146) | (150,000) |
| Total other financing sources (uses) | 1,156 | 2,588 | 15,000 | - |
| Net change in fund balances | \$ 968,622 | \$ 1,900,365 | \$ 1,239,085 | \$ (5,281,187) |

Source: District financial records

| Fiscal Year | | | | | | |
|-------------|----------------|----------------|----------------|--------------|----------------|--|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| \$ 885,996 | \$ (2,384,611) | \$ (2,463,932) | \$ (2,213,282) | \$ 953,559 | \$ (4,012,278) | |
| - | 3,015 | 502 | 11,367 | 3,007 | 2,361 | |
| - | 2,250,000 | 2,975,000 | 3,600,000 | - | 10,000,000 | |
| 37,385 | 1,151,042 | 2,177,774 | 3,809,488 | 2,151,798 | 716,187 | |
| (31,700) | (1,051,542) | (2,077,774) | (3,709,488) | (2,001,798) | (686,162) | |
| 5,685 | 2,352,515 | 3,075,502 | 3,711,367 | 153,007 | 10,032,386 | |
| \$ 891,681 | \$ (32,096) | \$ 611,570 | \$ 1,498,085 | \$ 1,106,566 | \$ 6,020,108 | |

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Pleasant Valley Community School District

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Actual Value | | | Less Exemptions | Total Taxable Value - Actual | Total Direct Rate (a) |
|----------------|-------------------------|------------------------|-------------------|--------------------|---------------------------------|-----------------------------|
| | Residential Property | Commercial Property | Other Property | | | |
| 2007 | 536,976,564 | 163,129,814 | 44,019,323 | 2,215,916 | 741,909,785 | 13.86154 |
| 2008 | 565,508,646 | 168,159,796 | 43,473,165 | 2,218,899 | 774,922,708 | 13.99385 |
| 2009 | 631,671,878 | 204,699,329 | 42,520,257 | 2,256,071 | 876,635,393 | 13.98720 |
| 2010 | 683,824,283 | 208,580,064 | 43,248,879 | 2,294,481 | 933,358,745 | 13.99319 |
| 2011 | 728,566,887 | 210,360,595 | 42,632,570 | 2,313,348 | 979,246,704 | 14.74116 |
| 2012 | 772,720,063 | 214,183,141 | 42,063,147 | 2,246,015 | 1,026,720,336 | 14.73829 |
| 2013 | 855,055,343 | 227,252,979 | 41,356,824 | 2,240,917 | 1,121,424,229 | 14.64092 |
| 2014 | 918,634,549 | 217,741,000 | 42,290,592 | 2,202,204 | 1,176,463,937 | 14.74093 |
| 2015 | 976,952,195 | 229,658,580 | 34,879,246 | 2,198,321 | 1,239,291,700 | 14.49409 |
| 2016 | 1,043,403,312 | 216,939,941 | 33,507,263 | 2,316,852 | 1,291,533,664 | 14.34409 |

Source: Iowa Department of Management and Scott County Auditor.

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the second fiscal year following the tax assessment year.

(a) Per \$1,000 of assessed value.

Pleasant Valley Community School District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

| Fiscal Year | District Direct Rates | | | |
|----------------|-----------------------|---------------------|-----------------|-------------|
| | General Purposes | Capital Purposes | Debt Service | Total |
| 2007 | \$ 12.52154 | \$ 1.34000 | \$ - | \$ 13.86154 |
| 2008 | 12.65385 | 1.34000 | - | 13.99385 |
| 2009 | 12.64720 | 1.34000 | - | 13.98720 |
| 2010 | 12.65319 | 1.34000 | - | 13.99319 |
| 2011 | 13.40116 | 1.34000 | - | 14.74116 |
| 2012 | 13.06829 | 1.67000 | - | 14.73829 |
| 2013 | 12.97092 | 1.67000 | - | 14.64092 |
| 2014 | 13.07093 | 1.67000 | - | 14.74093 |
| 2015 | 12.82409 | 1.67000 | - | 14.49409 |
| 2016 | 12.67409 | 1.67000 | - | 14.34409 |

Source: Iowa Department of Management and Scott County Auditor.

Overlapping Rates

| | Scott County | College Area IX | City of Bettendorf | City of LeClaire | City of Panarama Park | City of Riverdale |
|----|-----------------|--------------------|-----------------------|---------------------|--------------------------|----------------------|
| \$ | 5.51106 | \$ 0.61277 | \$ 12.60000 | \$ 14.69639 | \$ 6.76329 | \$ 2.50485 |
| | 5.54040 | 0.60785 | 12.95000 | 14.69188 | 6.74595 | 2.50485 |
| | 5.33791 | 0.60635 | 12.85000 | 14.69998 | 5.64940 | 2.70130 |
| | 5.47607 | 0.87714 | 12.85000 | 16.08173 | 5.55117 | 2.70103 |
| | 6.37607 | 0.92444 | 12.60000 | 16.00434 | 5.56196 | 3.37602 |
| | 6.37759 | 1.01724 | 12.60000 | 15.07379 | 5.51713 | 7.00244 |
| | 6.30000 | 0.91511 | 12.55000 | 14.69999 | 5.47320 | 10.55647 |
| | 6.23534 | 0.92043 | 12.55000 | 14.47264 | 5.26743 | 10.55525 |
| | 6.13204 | 0.92782 | 12.55000 | 14.47264 | 5.26550 | 12.21629 |
| | 6.00377 | 0.96863 | 12.55000 | 14.29804 | 5.79870 | 11.90048 |

Pleasant Valley Community School District

**Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)**

| Name of Taxpayer | 2016 | | | 2007 (a) | | |
|----------------------------------|----------------------|------|-----------------------------------|--------------------|------|-----------------------------------|
| | Taxable Value | Rank | Percentage of Total Taxable Value | Taxable Value | Rank | Percentage of Total Taxable Value |
| Mid-American Energy | 45,916,099 | 1 | 27.29% | 69,480,282 | 2 | 29.25% |
| Aluminum Company of America | 37,944,196 | 2 | 22.55% | | | |
| Continental 203 Fund LLC | 20,982,954 | 3 | 12.47% | | | |
| Chateau Knoll LLC | 11,391,641 | 4 | 6.77% | 13,327,650 | 5 | 5.61% |
| Northern Border Pipeline company | 10,553,889 | 5 | 6.27% | | | |
| First Equity Management L C | 9,933,884 | 6 | 5.90% | 9,855,420 | 6 | 4.15% |
| Olympic Steel Iowa Inc | 9,161,734 | 7 | 5.44% | | | |
| Bettendorf Regency Apartments | 8,119,650 | 8 | 4.83% | 8,701,290 | 7 | 3.66% |
| URS Real Estate LP | 7,184,974 | 9 | 4.27% | | | |
| Iowa American Water Company | 7,093,182 | 10 | 4.22% | | | |
| Isle of Capri Bettendorf LC | | | | 85,002,320 | 1 | 35.78% |
| Gen Ventures, Inc | | | | 14,502,980 | 3 | 6.10% |
| Inland Wester Bettendorf | | | | 13,860,800 | 4 | 5.83% |
| Haversian Canal Systems LLP | | | | 8,015,920 | 8 | 3.37% |
| Art Mortgage Borrower Propco | | | | 7,892,940 | 9 | 3.32% |
| Alter + Care | | | | 6,939,520 | 10 | 2.92% |
| Total | <u>168,282,203</u> | | <u>13.03% %</u> | <u>237,579,122</u> | | <u>0.3202 %</u> |
| Total Assessed Value | <u>1,291,533,664</u> | | | <u>741,909,785</u> | | |

Source: Scott County Auditor

(a) Information from City of Bettendorf

Pleasant Valley Community School District

**Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections In Subsequent Years | Total Collections to Date | |
|-------------|----------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2007 | 10,942,369 | 10,928,665 | 99.87% | (4,731) | 10,923,934 | 99.83% |
| 2008 | 11,505,621 | 11,490,608 | 99.87% | 11,349 | 11,501,957 | 99.97% |
| 2009 | 13,005,582 | 12,922,868 | 99.36% | 10,859 | 12,933,727 | 99.45% |
| 2010 | 13,831,130 | 13,749,585 | 99.41% | 12,238 | 13,761,824 | 99.50% |
| 2011 | 15,221,035 | 15,219,689 | 99.99% | 22,211 | 15,241,900 | 100.14% |
| 2012 | 16,003,277 | 16,001,235 | 99.99% | 12,596 | 16,013,830 | 100.07% |
| 2013 | 17,279,461 | 17,252,573 | 99.84% | 107 | 17,252,680 | 99.85% |
| 2014 | 18,351,942 | 18,347,585 | 99.98% | 9,122 | 18,356,707 | 100.03% |
| 2015 | 19,075,701 | 19,235,026 | 100.84% | 5,558 | 19,240,584 | 100.86% |
| 2016 | 19,743,499 | 20,115,797 | 101.89% | 7,003 | 20,122,800 | 101.92% |

Source: Iowa Department of Management, Scott County Auditor and School District financial records.

Note: N/A = not available.

Pleasant Valley Community School District

**Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | General Obligation Note | Capital Leases | Revenue Bonds | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|-------------------------|----------------|---------------|--------------------------|-------------------------------|------------|
| 2007 | \$ - | \$ 116,261 | \$ - | \$ 116,261 | 0.0% | \$ 7 |
| 2008 | - | 17,037 | - | 17,037 | 0.0% | 1 |
| 2009 | - | - | - | - | N/A | - |
| 2010 | - | - | - | - | N/A | - |
| 2011 | - | - | - | - | N/A | - |
| 2012 | 1,200,000 | - | - | 1,200,000 | 0.2% | 56 |
| 2013 | 2,100,000 | - | - | 2,100,000 | 0.3% | 102 |
| 2014 | 2,000,000 | - | - | 2,000,000 | 0.3% | 96 |
| 2015 | - | - | - | - | N/A | N/A |
| 2016 | - | - | 10,000,000 | - | N/A | N/A |

Source: District financial records

N/A = not available.

Pleasant Valley Community School District

**Ratio of Net Bonded Debt to Assessed Values
Last Ten Fiscal Years
(Unaudited)**

| Year of Collection | Estimated Actual Value of Taxable Property | Total Primary Government Outstanding Debt | Net Bonded Debt | Amount Restricted for Repayment of Outstanding Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|--------------------|--|---|-----------------|---|--|----------------------------|
| 2006-07 | \$ 816,441,609 | \$ 116,261 | \$ - | \$ - | - | \$ - |
| 2007-08 | 837,130,783 | 17,037 | - | - | - | - |
| 2008-09 | 877,143,051 | - | - | - | - | - |
| 2009-10 | 995,107,044 | - | - | - | - | - |
| 2010-11 | 1,067,587,960 | - | - | - | - | - |
| 2011-12 | 1,124,512,188 | 1,200,000 | - | - | - | - |
| 2012-13 | 1,181,934,837 | 2,100,000 | - | - | - | - |
| 2013-14 | 1,227,899,434 | 2,000,000 | - | - | - | - |
| 2014-15 | 1,338,308,620 | - | - | - | - | - |
| 2015-16 | 1,595,277,188 | 10,000,000 | - | 594,338 | - | - |

Source: Iowa Department of Management, Scott County Auditor and School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 5 in the notes to the financial statements.

N/A = not available.

Pleasant Valley Community School District

**Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

| | 2007 | 2008 | 2009 | 2010 |
|---|----------------|----------------|----------------|----------------|
| Legal Debt Margin Calculation | | | | |
| Assessed value | \$ 816,441,609 | \$ 837,130,783 | \$ 877,143,051 | \$ 995,107,044 |
| Debt limit (5% of assessed value) | 40,822,080 | 41,856,539 | 43,857,153 | 49,755,352 |
| Debt applicable to limit | - | - | - | - |
| Legal debt margin | \$ 40,822,080 | \$ 41,856,539 | \$ 43,857,153 | \$ 49,755,352 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% |

Source: Iowa Department of Management, Scott County Auditor's Office and School District financial records.

Legal Debt Margin Calculation for Fiscal Year 2016

| | |
|-----------------------------------|-------------------------|
| Assessed value | <u>\$ 1,595,277,188</u> |
| Debt limit (5% of assessed value) | \$ 79,763,859 |
| Debt applicable to limit | <u>10,000,000</u> |
| Legal debt margin | <u>\$ 69,763,859</u> |

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,067,587,960 | \$ 1,124,512,188 | \$ 1,181,934,837 | \$ 1,227,899,434 | \$ 1,338,308,620 | \$ 1,595,277,188 |
| 53,379,398 | 56,225,609 | 59,096,742 | 61,394,972 | 66,915,431 | 79,763,859 |
| - | 1,200,000 | 2,100,000 | 2,000,000 | - | 10,000,000 |
| <u>\$ 53,379,398</u> | <u>\$ 55,025,609</u> | <u>\$ 56,996,742</u> | <u>\$ 59,394,972</u> | <u>\$ 66,915,431</u> | <u>\$ 69,763,859</u> |
| 0.00% | 2.18% | 3.68% | 3.37% | 0.00% | 14.33% |

Pleasant Valley Community School District

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(Unaudited)**

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable* | Estimated Share of Direct and Overlapping Debt |
|--|---------------------|--|--|
| Scott County | \$ 27,005,000 | 17.55% | 4,740,455 |
| Eastern Iowa Community College | 51,810,000 | 10.89% | 5,644,661 |
| City of Bettendorf | 110,650,000 | 45.48% | 50,322,770 |
| City of LeClaire | 27,442,933 | 100.00% | 27,442,933 |
| City of Panorama Park | - | 0.00% | - |
| City of Riverdale | 1,896,488 | 99.62% | 1,889,324 |
| Subtotal, overlapping debt | | | 90,040,143 |
| District direct debt | | | 10,000,000 |
| Total direct and overlapping debt | | | \$ 100,040,143 |

Source: Scott County Auditor.

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This statistical page estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value. (Calculated by dividing the amount of the value applicable to the District by the total value for that taxing authority; 2015 assessed values are used.)

Pleasant Valley Community School District

**Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Revenue Bonds | | | Coverage |
|----------------|---------------|--------------|----------|----------|
| | Revenue | Debt Service | | |
| | | Principal | Interest | |
| 2007 | NA | NA | NA | NA |
| 2008 | NA | NA | NA | NA |
| 2009 | NA | NA | NA | NA |
| 2010 | NA | NA | NA | NA |
| 2011 | NA | NA | NA | NA |
| 2012 | NA | NA | NA | NA |
| 2013 | NA | NA | NA | NA |
| 2014 | NA | NA | NA | NA |
| 2015 | NA | NA | NA | NA |
| 2016 | 4,182,214 | - | 92,956 | 44.99 |

Source: District financial records

Notes: Details regarding the District's outstanding debt can be found in Note 5 of the notes to the financial statements.
The District does not have pledged revenue debt

These bonds are backed by a one-cent statewide sales, service and use tax.

Pleasant Valley Community School District

**Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)**

| Calendar Year | Population (a) | Personal Income (b) (Thousands of Dollars) | Per Capita Personal Income | Scott County Area Unemployment Rate (c) * |
|---------------|----------------|---|----------------------------|---|
| 2007 | 17,329 | \$575,101,134 | 33,187 | 3.6% |
| 2008 | 17,542 | \$540,006,239 | 30,784 | 4.0 |
| 2009 | 17,797 | \$542,146,328 | 30,463 | 7.3 |
| 2010 | 20,946 | \$574,208,914 | 27,414 | 7.5 |
| 2011 | 21,104 | \$637,107,854 | 30,189 | 6.9 |
| 2012 | 21,320 | \$696,396,280 | 32,664 | 6.7 |
| 2013 | 20,653 | \$686,181,820 | 33,224 | 6.1 |
| 2014 | 20,774 | \$727,705,092 | 35,030 | 5.9 |
| 2015 | 20,774 | N/A | N/A | 4.6 |
| 2016 | 20,774 | N/A | N/A | N/A |

Source:

(a) U.S. Census Bureau

(b) Iowa Department of Revenue

(c) Iowa Workforce Development

Notes: N/A = not available.

* Based on a ten-month period, January through October.

Pleasant Valley Community School District

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

| Employer | 2016 | | | 2007 | | |
|------------------------------------|---------------|------|--------------------------------|---------------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Scott County | | | | | | |
| Genesis Health System | 14,100 | 1 | 6.46 % | 1,090 | 4 | 1.24 % |
| HyVee Scott County Locations | 3,054 | 2 | 1.40 | 1,070 | 5 | 1.22 |
| City of Davenport | 2,354 | 3 | 1.08 | | | |
| Davenport CSD | 2,200 | 4 | 1.01 | | | |
| Alcoa Inc | 2,000 | 5 | 0.92 | 2,500 | 1 | 2.84 |
| Oscar Mayer Foods Inc | 1,600 | 6 | 0.73 | | | |
| Isle Capri Casino Hotel Bettendorf | 1,000 | 7 | 0.46 | 923 | 7 | 1.05 |
| Walmart Scott County Locations | 992 | 8 | 0.45 | | | |
| Tri City Communications | 900 | 9 | 0.41 | | | |
| John Deere Davenport Works | 838 | 10 | 0.38 | | | |
| APAC Customer Services Inc | | | | 900 | 8 | 1.02 |
| Deere and Company, Inc. | | | | 950 | 6 | 1.08 |
| Kraft Foods North America | | | | 1,500 | 2 | 1.70 |
| MidAmerican Energy Company | | | | 1,200 | 3 | 1.36 |
| Nestle Petcare Company | | | | 500 | 10 | 0.57 |
| Rhythm City Casino | | | | 750 | 9 | 0.85 |
| Total for Scott County | 29,038 | | 13.30 % | 11,383 | | 12.93 % |

Source: Bi-State Regional Commission

Note: Arsenal Employees include military personnel, tenants and contractors.

Pleasant Valley Community School District

**Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)**

| | Full-Time Equivalent Employees as of June 30 | | | |
|---|--|--------------|--------------|--------------|
| | 2007 | 2008 | 2009 | 2010 |
| Supervisory: | | | | |
| Superintendent | 1.0 | 1.0 | 1.0 | 1.0 |
| Principals | 6.0 | 6.0 | 6.0 | 6.0 |
| Assistant principals | 4.0 | 4.0 | 5.0 | 5.0 |
| District secretary | 0.4 | 0.4 | 0.4 | 0.4 |
| Business Manager | 1.0 | 1.0 | 1.0 | 1.0 |
| Other officials/administrators | 1.0 | 1.0 | 2.0 | 2.0 |
| Total supervisory | 13.4 | 13.4 | 15.4 | 15.4 |
| Instruction: | | | | |
| Classroom teachers | 172.2 | 175.0 | 176.9 | 179.9 |
| Special education teachers | 26.7 | 26.5 | 27.2 | 28.5 |
| Special programs | 14.0 | 17.2 | 16.2 | 15.3 |
| Vocational teachers | 8.8 | 8.8 | 8.8 | 9.3 |
| Teacher aides | 55.1 | 52.9 | 52.8 | 52.2 |
| Instructional technology technicians | 1.5 | 1.5 | 1.3 | 2.3 |
| Total instruction | 278.3 | 281.9 | 283.1 | 287.5 |
| Student services: | | | | |
| Social workers | 1.0 | 1.0 | 1.0 | 1.0 |
| Counselors | 7.5 | 7.5 | 9.0 | 9.0 |
| Library/media specialists | 5.0 | 5.0 | 5.0 | 5.0 |
| Nurses | 4.1 | 4.1 | 4.1 | 4.1 |
| Total student services | 17.6 | 17.6 | 19.1 | 19.1 |
| Support and administration: | | | | |
| Other support services | - | - | 2.0 | 1.0 |
| Office/clerical personnel | 26.1 | 27.0 | 27.2 | 27.0 |
| Other professional employees | 1.0 | 1.0 | 1.0 | 1.0 |
| Technology specialist | 2.0 | 2.0 | 2.0 | 2.0 |
| Crafts and trades personnel | 3.0 | 3.0 | 3.0 | 3.0 |
| Laborers | 1.0 | 1.0 | 1.0 | 1.0 |
| Service workers | 36.3 | 37.7 | 36.6 | 37.0 |
| Operative personnel | 1.6 | 1.6 | 1.6 | 1.6 |
| Total support and administration | 71.0 | 73.3 | 74.5 | 73.7 |
| Total | 380.3 | 386.1 | 392.0 | 395.7 |

Source: District financial records

| Full-Time Equivalent Employees as of June 30 | | | | | | Percentage Change |
|--|-------|-------|-------|-------|-------|-------------------|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2007 - 2016 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0% |
| 6.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 17% |
| 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 25% |
| 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | - | -100% |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0% |
| 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 3.0 | 200% |
| 14.4 | 15.4 | 15.4 | 16.4 | 16.4 | 17.0 | 27% |
| 181.0 | 199.5 | 201.6 | 215.1 | 217.8 | 233.4 | 36% |
| 27.5 | 30.0 | 28.3 | 28.1 | 27.3 | 28.6 | 7% |
| 14.2 | 16.2 | 19.8 | 22.3 | 29.2 | 19.5 | 40% |
| 7.5 | 8.2 | 8.0 | 8.0 | 6.8 | 7.6 | -14% |
| 51.2 | 54.0 | 55.8 | 58.8 | 62.8 | 60.7 | 10% |
| 2.3 | 2.3 | 2.3 | 3.3 | 3.2 | 3.3 | 117% |
| 283.7 | 310.1 | 315.7 | 335.6 | 347.2 | 352.9 | 27% |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0% |
| 9.0 | 9.5 | 12.2 | 12.6 | 12.6 | 14.0 | 87% |
| 5.0 | 5.5 | 5.5 | 5.5 | 5.5 | 6.0 | 20% |
| 4.1 | 4.6 | 5.0 | 5.6 | 5.6 | 6.6 | 63% |
| 19.1 | 20.6 | 23.6 | 24.7 | 24.7 | 27.6 | 57% |
| - | - | - | - | - | 10.0 | 100% |
| 27.0 | 29.3 | 27.5 | 28.3 | 28.5 | 28.4 | 9% |
| 1.0 | 1.0 | 1.0 | 1.5 | 1.5 | 2.5 | 150% |
| 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 0% |
| 3.0 | 3.0 | 3.0 | 4.0 | 3.5 | 4.0 | 33% |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.5 | 2.0 | 100% |
| 36.6 | 42.0 | 43.1 | 44.1 | 43.8 | 46.0 | 27% |
| 1.6 | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 | 2% |
| 72.2 | 79.9 | 79.3 | 82.6 | 82.5 | 96.5 | 36% |
| 389.4 | 425.9 | 434.0 | 459.2 | 470.7 | 494.1 | 30% |

Pleasant Valley Community School District

**Operating Statistics
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year | Certified Enrollment | Operating Expenditures | Cost Per Pupil | Percentage Change |
|-------------|----------------------|------------------------|----------------|-------------------|
| 2007 | 3,372 | \$ 25,825,708 | \$ 7,659 | N/A |
| 2008 | 3,504 | 28,063,148 | 8,009 | 4.57% |
| 2009 | 3,589 | 30,419,133 | 8,477 | 5.84% |
| 2010 | 3,609 | 31,261,592 | 8,662 | 2.19% |
| 2011 | 3,784 | 32,238,611 | 8,519 | -1.65% |
| 2012 | 3,960 | 34,974,438 | 8,832 | 3.67% |
| 2013 | 4,230 | 36,437,868 | 8,614 | -2.47% |
| 2014 | 4,289 | 39,900,129 | 9,304 | 8.01% |
| 2015 | 4,386 | 41,559,208 | 9,475 | 1.84% |
| 2016 | 4,532 | 45,391,590 | 10,016 | 5.71% |

Source: Nonfinancial information from District records. District financial records.

Notes: N/A = not available.

| Governmental Expenditures | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil-Teacher Ratio | Percentage of Students Receiving Free or Reduced Price Meals |
|---------------------------|----------------|-------------------|----------------|---------------------|--|
| \$ 28,748,944 | \$ 8,526 | N/A | 235 | 6.97% | 11.00% |
| 30,466,827 | 8,695 | 1.98% | 241 | 6.88% | 12.00% |
| 33,761,408 | 9,408 | 8.20% | 248 | 6.91% | 11.00% |
| 34,504,080 | 9,561 | 1.62% | 250 | 6.93% | 13.00% |
| 35,413,915 | 9,358 | -2.11% | 246 | 6.50% | 12.00% |
| 38,956,243 | 9,838 | 5.12% | 280 | 7.07% | 11.00% |
| 41,114,972 | 9,720 | -1.20% | 295 | 6.97% | 12.00% |
| 45,453,563 | 10,599 | 9.04% | 303 | 7.07% | 11.00% |
| 45,224,769 | 10,311 | -2.72% | 303 | 6.91% | 11.00% |
| 58,134,814 | 12,828 | 24.41% | 321 | 7.08% | 12.00% |

Pleasant Valley Community School District

**School Building Information
Last Ten Fiscal Years
(Unaudited)**

| School | Fiscal Year | | | |
|-------------------|-------------|---------|---------|---------|
| | 2007 | 2008 | 2009 | 2010 |
| Pleasant View | | | | |
| Square feet | 78,343 | 78,343 | 78,343 | 78,343 |
| Capacity* | 850 | 850 | 850 | 850 |
| Enrollment | 592 | 643 | 634 | 641 |
| Playgrounds | 2 | 2 | 2 | 2 |
| Hopewell | | | | |
| Square feet | N/A | N/A | N/A | 59,812 |
| Capacity* | N/A | N/A | N/A | 475 |
| Enrollment | N/A | N/A | N/A | - |
| Playgrounds | N/A | N/A | N/A | 1 |
| Cody | | | | |
| Square feet | 45,090 | 45,090 | 45,090 | 45,090 |
| Capacity* | 550 | 550 | 550 | 550 |
| Enrollment | 275 | 265 | 320 | 324 |
| Playgrounds | 1 | 1 | 1 | 1 |
| Bridgeview | | | | |
| Square feet | 47,980 | 47,980 | 47,980 | 47,980 |
| Capacity* | 450 | 450 | 450 | 450 |
| Enrollment | 286 | 306 | 300 | 335 |
| Playgrounds | 2 | 2 | 2 | 2 |
| Riverdale Heights | | | | |
| Square feet | 84,195 | 84,195 | 84,195 | 84,195 |
| Capacity* | 800 | 800 | 800 | 800 |
| Enrollment | 635 | 639 | 643 | 642 |
| Playgrounds | 2 | 2 | 2 | 2 |
| Jr. High | | | | |
| Square feet | 97,950 | 97,950 | 97,950 | 97,950 |
| Capacity* | 850 | 850 | 850 | 850 |
| Enrollment | 500 | 535 | 576 | 591 |
| Playgrounds | - | - | - | - |
| High School | | | | |
| Square feet | 247,564 | 247,564 | 247,564 | 247,564 |
| Capacity* | 1,800 | 1,800 | 1,800 | 1,800 |
| Enrollment | 1,126 | 1,144 | 1,136 | 1,098 |
| Playgrounds | - | - | - | - |

Source: District records.

Notes: * Capacity calculation is number of possible classrooms times maximum of 25 students each

| Fiscal Year | | | | | |
|-------------|---------|---------|---------|---------|---------|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 78,343 | 78,343 | 78,343 | 78,343 | 80,913 | 80,913 |
| 850 | 850 | 850 | 850 | 850 | 850 |
| 687 | 611 | 653 | 628 | 638 | 632 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 59,812 | 64,180 | 64,180 | 64,180 | 64,180 | 64,180 |
| 475 | 900 | 900 | 900 | 900 | 900 |
| - | 297 | 323 | 396 | 468 | 545 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 45,090 | 45,090 | 45,090 | 45,090 | 45,090 | 54,709 |
| 550 | 550 | 550 | 550 | 550 | 625 |
| 368 | 307 | 311 | 317 | 315 | 320 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 47,980 | 47,980 | 47,980 | 47,980 | 47,980 | 54,654 |
| 450 | 450 | 450 | 450 | 450 | 575 |
| 344 | 328 | 343 | 347 | 342 | 383 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 84,195 | 84,195 | 84,195 | 84,195 | 84,195 | 84,195 |
| 800 | 800 | 800 | 800 | 800 | 800 |
| 640 | 646 | 661 | 620 | 642 | 634 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 97,950 | 112,405 | 112,405 | 112,405 | 112,405 | 137,937 |
| 850 | 1,050 | 1,050 | 1,050 | 1,050 | 1,300 |
| 612 | 608 | 661 | 701 | 672 | 668 |
| - | - | - | - | - | - |
| 247,564 | 258,304 | 258,304 | 258,304 | 258,304 | 258,304 |
| 1,800 | 1,975 | 1,975 | 1,975 | 1,975 | 1,975 |
| 1,178 | 1,221 | 1,250 | 1,264 | 1,307 | 1,338 |
| - | - | - | - | - | - |

Pleasant Valley Community School District

**Average Salary by Education Level
Last Ten Fiscal Years
(Unaudited)**

| Education Level | Fiscal Year | | | |
|-----------------------------|------------------|------------------|------------------|------------------|
| | 2007 | 2008 | 2009 | 2010 |
| BA | | | | |
| Total FTE | 39.00 | 40.00 | 41.00 | 34.33 |
| Average salary | 32,582.00 | 33,789.00 | 34,645.00 | 36,120.00 |
| BA + 10 | | | | |
| Total FTE | 17.00 | 19.00 | 20.00 | 12.00 |
| Average salary | 37,637.00 | 39,139.00 | 42,028.00 | 42,824.00 |
| BA +20 | | | | |
| Total FTE | 42.00 | 37.00 | 38.00 | 42.00 |
| Average salary | 45,020.00 | 46,876.00 | 48,473.00 | 48,916.00 |
| MA | | | | |
| Total FTE | 47.33 | 48.92 | 48.92 | 49.92 |
| Average salary | 45,176.00 | 46,665.00 | 48,991.00 | 49,759.00 |
| MA + 10 | | | | |
| Total FTE | 17.83 | 24.00 | 24.00 | 32.00 |
| Average salary | 4,999.00 | 51,467.00 | 54,304.00 | 54,648.00 |
| MA + 20 | | | | |
| Total FTE | 15.00 | 12.83 | 16.00 | 13.00 |
| Average salary | 52,801.00 | 54,220.00 | 56,903.00 | 58,383.00 |
| MA +30 | | | | |
| Total FTE | 28.00 | 29.00 | 30.83 | 34.83 |
| Average salary | 56,951.00 | 58,481.00 | 61,172.00 | 61,780.00 |
| Grand total FTE | 206.16 | 210.75 | 218.75 | 218.08 |
| Total average salary | 44,711.38 | 46,212.25 | 48,453.89 | 50,219.30 |

Source: District personnel records.

Notes:

Full-time instructional employees of the District are employed for all 192 work days, at eight hours per day or 1,536 hours per year. This schedule includes the local instructional salary schedule only. Not included are state appropriations to increase salaries, i.e., Teacher Quality or Phase II Funds.

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 39.43 36,177.00 | 53.93 36,000.00 | 50.97 37,278.00 | 58.90 39,158.00 | 61.90 39,121.00 | 65.83 39,720.00 |
| 16.00 43,341.00 | 20.00 43,801.00 | 15.00 46,213.00 | 24.00 45,412.00 | 27.00 45,400.00 | 27.00 45,918.00 |
| 42.00 49,173.00 | 39.00 50,143.00 | 43.50 49,470.00 | 37.20 51,761.00 | 34.83 53,297.00 | 40.00 52,435.00 |
| 52.08 49,753.00 | 55.50 49,884.00 | 57.00 50,094.00 | 57.70 51,241.00 | 57.70 51,279.00 | 62.79 52,252.00 |
| 40.00 55,299.00 | 40.00 56,442.00 | 39.00 57,774.00 | 40.00 59,974.00 | 39.00 59,736.00 | 42.00 60,762.00 |
| 16.83 59,756.00 | 20.00 59,198.00 | 27.00 60,662.00 | 27.00 63,459.00 | 26.00 64,688.00 | 25.00 65,390.00 |
| 42.00 62,026.00 | 44.83 62,659.00 | 47.83 64,324.00 | 52.43 65,592.00 | 59.35 65,028.00 | 62.00 66,649.00 |
| 248.34 50,733.17 | 273.26 50,473.40 | 280.30 51,973.90 | 297.23 53,257.90 | 305.78 53,416.31 | 324.62 54,068.90 |

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Pleasant Valley Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

| Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|---------------------------|--|---------------------------------------|----------------------------------|
| Indirect: | | | | |
| U.S. Department of Agriculture: | | | | |
| Iowa Department of Education: | | | | |
| Child Nutrition Cluster Programs: | | | | |
| School Breakfast Program | 10.553 | FY16 4552 | \$ - | \$ 26,979 |
| National School Lunch Program | 10.555 | FY16 4553 | - | 345,021 |
| Commodities -DOD (Noncash) | 10.555 | FY16 | - | 80,074 |
| Commodities (Noncash) | 10.555 | FY16 | - | 116,586 |
| Total U.S. Department of Agriculture | | | - | 568,660 |
| U.S. Department of Education: | | | | |
| Iowa Department of Education: | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | FY16 4501 | - | 170,761 |
| Special Education-Grants to States IDEA, Part B | 84.027 | FY16 4525 | - | 30,895 (1) |
| Special Education- State Personnel Development Grants | 84.323 | FY16 4526 | - | 17,621 |
| Title III-English Language Acquisition State Grants | 84.365 | FY16 4644 | - | 4,173 (2) |
| Title IIA Federal Teacher Quality Program | 84.367 | FY16 4643 | - | 66,923 |
| Grants for State Assessments and Related Activities Title VI | 84.369 | FY16 4648 | - | 17,328 |
| Mississippi Bend Area Education Agency: | | | | |
| Special Education - Grants to States IDEA, Part B | 84.027 | FY16 4521 | - | 189,719 (1) |
| Career and Technical Education - Basic Grants to States | 84.048 | FY16 4531 | - | 23,654 |
| Title III-English Language Acquisition State Grants | 84.365 | FY16 4644 | - | 6,976 (2) |
| Total U.S. Department of Education | | | - | 528,050 |
| U.S. Department of Health and Human Services: | | | | |
| Iowa Department of Education: | | | | |
| Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV | 93.938 | FY16 4577 | - | 173 |
| Total Expenditures of Federal Awards | | | \$ - | \$ 1,096,883 |

(1) Total Special Education, IDEA Cluster \$220,614.

(2) Total Title III English Language Acquisition State Grants CFDA 84.365 \$11,149.

See notes to schedule of expenditures of federal awards.

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Pleasant Valley Community School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

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, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 in the Uniform Guidance, 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.

Note 3. Indirect Cost Rate

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Pleasant Valley Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016**

| Findings | Status | Corrective Action Plan or Other Explanation |
|----------|--------|--|
|----------|--------|--|

Other Findings Related to Statutory Reporting:

| | | |
|---------|--|-----------|
| IV-G-15 | Variances in certified enrollment for October 2014 were noted | Corrected |
|---------|--|-----------|



**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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2016.

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*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2016 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

Moline, Illinois
December 7, 2016



Independent Auditor’s Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
December 7, 2016

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency identified? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency identified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------------|---|
| Child Nutrition Cluster: | |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

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-16

Certified Budget – Expenditures for the year ended June 30, 2016 did not exceed the amounts budgeted at year-end.

IV-B-16

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-16

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-16

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

IV-E-16

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.

IV-F-16

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

IV-G-16

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

(Continued)

Pleasant Valley Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

IV-H-16

Supplementary Weighting – No variances regarding the basic enrollment data certified to the Iowa Department of Education were noted.

IV-I-16

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-16

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-16

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

IV-L-16

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, 2016, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

| | |
|--|-----------------------------|
| Beginning balance | \$ 522,610 |
| Revenue / transfers in: | |
| Statewide sales and services tax revenue | 4,182,214 |
| Interest and other | 40,693 |
| Transfers in | 260,000 |
| Issuance of long-term debt | 10,000,000 |
| Expenditures/transfers out: | |
| Transfers out | 1,531,162 |
| School infrastructure: | |
| Buildings | 113,657 |
| Ending balance | <u><u>\$ 13,360,698</u></u> |

For the year ended June 30, 2016, the District reduced the debt service tax levy by \$2.82 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 |
|-------------------|--|-----------------------------|
| | <u> </u> | <u> </u> |
| Debt service levy | \$ 2.82000 | \$ 4,182,214 |