

PLEASANT VALLEY SCHOOL DISTRICT

VENTURA COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE**

June 30, 2015



PLEASANT VALLEY SCHOOL DISTRICT

AUDIT REPORT

June 30, 2015

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PLEASANT VALLEY SCHOOL DISTRICT

AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pleasant Valley School District
600 Temple Avenue
Camarillo, California 93010

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 of material misstatement.

An audit involves performing procedures to obtain 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 listed above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 15 to the basic financial statements, in 2015 the Pleasant Valley School District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of postemployment healthcare benefits funding progress, schedules of the District's proportionate share of the net pension liability (CalSTRS and CalPERS), and schedules of District pension contributions (CalSTRS and CalPERS) 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

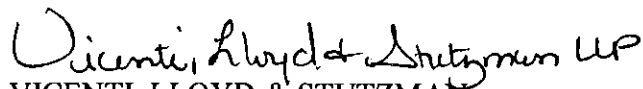
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules and combining non-major fund financial statements are presented for purposes of additional analysis and are not a required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

Board of Trustees
Pleasant Valley School District

The supplementary section, including the schedule of expenditures of federal awards, and the combining non-major fund financial statements 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the Pleasant Valley School 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 the 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 Pleasant Valley School District's internal control over financial reporting and compliance.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 30, 2015

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the District for the fiscal year ending June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statements No. 34 (*Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments*) issued June 1999. Certain comparative information between the current and the prior year is required to be presented in the MD&A.

This section provides an overview of the District's financial activities.

- The District's financial status remained steady over the course of the year. Total net position of the District decreased by 8% due to the planned spending of prior year carryover.
- During the adoption of the 2014-15 budget, the District Management Team kept priorities aligned with Board goals and the Local Control Accountability Plan in order to balance the District Budget within the parameters of the State Budget.
- At year end, the government-wide revenues were \$62.4 million, representing an increase of 8% from the prior year. This increase was mainly due to an increase in funding of the Local Control Funding Formula.
- The District health benefit cap increased with the District contributing \$8,650 for individual coverage, \$9,950 for two-party coverage, and \$10,450 for family coverage toward health premiums per eligible employee.
- The District continues to maintain reserves sufficient to meet the state required minimum Reserve for Economic Uncertainties of 3% of General Fund expenditures.

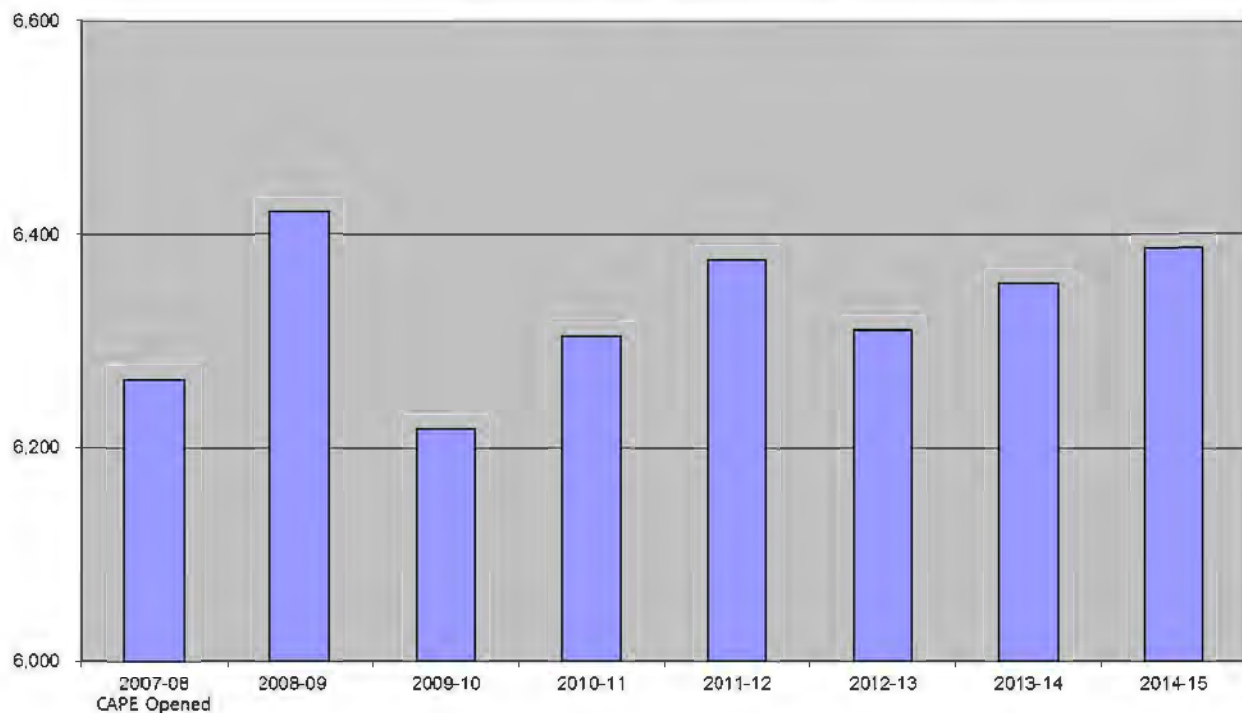
PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Introduction (continued)

This section provides an overview of the District's financial activities. (continued)

- The chart below shows the District's Average Daily Attendance (ADA) for the previous eight-year period. ADA significantly decreased in 2007-08 by more than 7% due to the opening of a charter school within district boundaries. Since 2007-08, ADA has fluctuated between a high of 6,421 to a low of 6,218. ADA has increased over the last two years and is expected to continue to increase due to residential construction within the District's boundary.

Average Daily Attendance (ADA)



Fund Financial Statements

More detailed information about the District's most significant funds are provided in the fund financial statements. Funds are accounting formats used to keep track of specific sources of funding and expenditures in particular programs. Some funds are required by bond covenants and by state law and other funds are established by the District to control and manage a variety of activities for particular purposes (such as repaying its long-term debt). Other funds may also address specific accounting requirements for certain revenue and expenditure classifications (such as federal grants).

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Fund Financial Statements (continued)

The District maintains two classes of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow (in and out) and the balances left at year-end that are available for expenditure in subsequent years. A detailed short-term view is provided by the governmental fund statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information is provided in the reconciliation provided after the governmental fund statements that explains the differences (or relationships).

Fiduciary fund: The District has several Associated Student Body Funds. For assets that belong to others, such as the student activities funds, the District acts as the trustee, or fiduciary, and is responsible for ensuring that the assets reported in these funds are only used for their intended purpose and by those to whom the assets belong. These activities are excluded from the government-wide financial statements, as the assets cannot be used to finance other District operations.

Funds used by the District for the current fiscal year are outlined on pages 12 and 13 of the report.

Statement of Net Position

The Statement of Net Position presents the assets and liabilities of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets (current and non-current), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources and net position.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine the amount owed by the District to vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and the availability of those assets for expenditure.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Statement of Net Position (continued)

The net between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the District, and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation.

As of June 30, 2015, the District implemented GASB Statements No. 68 and 71, which requires districts to report their proportionate share of CalSTRS and CalPERS unfunded portion of pension benefits. Notes 12 and 15 to the financial statements provide additional information on employee retirement plans and the effect of the accounting changes on net position.

	<u>June 30, 2014 *</u>	<u>June 30, 2015</u>
Assets		
Cash	\$ 17,866,696	\$ 20,330,206
Accounts receivable	6,023,222	3,023,589
Prepaid expenses		6,926
Capital assets, net	<u>81,305,312</u>	<u>79,089,314</u>
Total Assets	<u>105,195,230</u>	<u>102,450,035</u>
 Deferred Outflows of Resources		
Deferred outflows - pensions		3,846,013
 Liabilities		
Other liabilities	4,082,899	4,608,319
Long-term debt outstanding	<u>36,498,941</u>	<u>71,630,057</u>
Total Liabilities	<u>40,581,840</u>	<u>76,238,376</u>
 Deferred Inflows of Resources		
Deferred inflows - pensions		9,809,413
 Net Position		
Invested in capital assets, net of related debt	46,247,235	45,717,947
Restricted	5,586,585	4,923,370
Unrestricted	<u>12,779,570</u>	<u>(30,393,058)</u>
Total Net Position	<u>\$ 64,613,390</u>	<u>\$ 20,248,259</u>

* Prior year numbers have not been restated for the implementation of GASB Statements No. 68 and No. 71.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Statement of Net Position (continued)

- Cash with the District is also explained in the notes to the financial statements and is invested with the Ventura County Treasury to maximize interest income. The 14% increase in cash is mainly due to the reduction of state payment deferrals from the current year to the next.
- Accounts receivable are mainly amounts due from federal and state government sources for the operation of categorical programs as well as for ongoing operational costs. Accounts receivable decreased by \$3 million due to the reduction in amount of state payment deferrals from the current year to the next.
- The \$2.2 million decrease in net capital assets reflects the impact of increased accumulated depreciation.
- Other liabilities consist mainly of the cost of supplies and/or services received during the 2014-15 fiscal year and paid in the 2015-16 year.
- The near doubling in long-term debt, as well as the addition of deferred inflows of resources and deferred outflows of resources can be attributed to the implementation of GASB Statements No. 68 and 71.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Statement of Activities

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Activities. The purpose of this statement is to present the revenues earned, whether received or not, by the District, and the expenses incurred, whether paid or not, by the District. Thus, this Statement presents the District's results of operations.

The Statement of Activities is summarized below:

	<u>June 30, 2014 *</u>	<u>June 30, 2015</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,451,274	\$ 1,624,705
Operating grants and contributions	9,034,436	9,075,143
General revenues:		
Property taxes	22,376,057	22,399,216
Grants, subsidies and contributions unrestricted	21,678,698	25,880,230
Interest and investment earnings	73,224	63,602
Miscellaneous	3,007,600	3,371,878
Total revenues	<u>57,621,289</u>	<u>62,414,774</u>
Expenses		
Instruction	33,613,078	37,288,700
Instruction-related services	5,134,620	5,961,639
Pupil services	3,802,191	4,335,748
General administration	3,332,678	3,826,144
Plant services	4,382,960	5,286,406
Ancillary services	34,027	31,372
Community services	985,245	1,093,507
Other outgo & debt service	2,818,786	3,346,060
Depreciation (unallocated)	3,294,562	3,253,013
Total expenses	<u>57,398,147</u>	<u>64,422,589</u>
Increase in net position	223,142	(2,007,815)
Net position, beginning of year, as originally stated	64,390,248	64,613,390
Cumulative effect of change in accounting principle	<u> </u>	<u>(42,357,316)</u>
Net position, beginning of year, as restated	<u>64,390,248</u>	<u>22,256,074</u>
Net position, end of year	<u>\$ 64,613,390</u>	<u>\$ 20,248,259</u>

* Prior year numbers have not been restated for the implementation of GASB Statements No. 68 and No. 71.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Statement of Activities (continued)

- Governmental funds revenues increased by 8% primarily due to an increase in funding of the Local Control Funding Formula.
- Governmental funds expenses increased by 12% from the prior year due to a 3% salary increase, a 1.5% one-time bonus for classified and management employees, increases in the health benefit cap and planned spending of prior year program carryover funds.
- The District's interest income of \$63,602 is considered non-operating revenue. Interest income is credited to all funds of the District depending on cash balances held in the fund. Interest income was primarily generated by the cash invested in the Ventura County Treasury, which paid an average rate of about 0.32% on the education pool for the fiscal year 2014-15.
- Representing 82% of the General Fund, salaries and benefits comprise the largest expenditures of the District. Certificated and classified salaries are adjusted annually for compensation increases, step and column adjustments and staffing changes.
- Health and Welfare (medical, vision, dental and life) contributions paid by the District for current and retired employees are capped and represent approximately 9% of the General Fund expenditures. The current health and welfare annual cap for active employees is \$8,650 for individual coverage, \$9,950 for two-party coverage, and \$10,450 for family coverage. Employees make contributions for premium amounts that exceed the capped amount. Included in the amount paid for health and welfare is \$859,885 towards premiums for eligible retired employees. Annual caps of \$3,900 and \$2,400 exist for those retirees eligible for this benefit.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2015, the District had \$45,717,947 invested in net capital assets, net of associated debt, primarily related to school construction and other capital improvements.

Note 6 to the financial statements provide additional information on capital assets. A summary of capital assets is presented below:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Land	\$ 14,908,761	\$ 14,908,761
Buildings and improvements	103,614,012	104,481,438
Site improvements	2,683,668	2,739,743
Machinery and equipment	4,515,627	4,691,191
Construction in progress	<u>331,168</u>	<u>269,118</u>
Total	126,053,236	127,090,251
Less: accumulated depreciation	<u>(44,747,924)</u>	<u>(48,000,937)</u>
Net capital assets	<u>\$ 81,305,312</u>	<u>\$ 79,089,314</u>

Debt

Note 11 to the financial statements provides additional information on outstanding debt. A summary of the District's outstanding debt at year-end is presented below:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
General obligation bonds	\$ 33,470,000	\$ 32,125,000
Capital leases	46,896	
Certificates of participation	1,541,181	1,246,367
Early retirement incentive	98,385	1,700
Net pension liability		36,495,972
Other postemployment benefits		
other than pensions (OPEB)	938,204	1,323,192
Compensated absences	<u>404,275</u>	<u>437,826</u>
Net long-term liabilities	<u>\$ 36,498,941</u>	<u>\$ 71,630,057</u>

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Capital Asset and Debt Administration (continued)

Debt (continued)

The District's general obligation bond rating has not changed since the 2012-13 fiscal year. During that year, the ratings for the 2002 Refunding Bonds, Series A bond issue was upgraded from a BB rating to an A rating according to Standard & Poor's Rating Services and from a Baa2 to a Baa1 rating according to Moody's Investor Services.

Governmental Funds

All Governmental Funds are summarized below:

Governmental Funds	Fund Balance		
	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>Difference</u>
<i>General</i>	\$ 15,457,979	\$ 14,447,699	\$ (1,010,280)
<i>Cafeteria</i>	238,812	294,892	56,080
<i>Deferred Maintenance</i>	703,255	822,361	119,106
<i>Building</i>	306,861	305,397	(1,464)
<i>Capital Facilities</i>	1,451,862	1,205,373	(246,489)
<i>Bond Interest and Redemption</i>	2,476,541	2,471,733	(4,808)
Totals	<u>\$ 20,635,310</u>	<u>\$ 19,547,455</u>	<u>\$ (1,087,855)</u>

There was a decrease of \$1,010,280 in the General Fund primarily due to planned spending of prior year program carryover funds.

The Cafeteria Fund ending balance increased by \$56,080 due to increases in participation rates for the year.

The Deferred Maintenance Fund ending balance increased by \$119,106 due to the general fund transfer exceeding total expenditures for the year.

The decrease in the Capital Facilities Fund of \$246,489 is due to the cost of installing 3 portable classrooms and a locker room exceeding the receipt of developer fees for upcoming projects in Camarillo.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

General Fund Budget Information

During the fiscal year, the Board of Trustees authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A budgetary comparison schedule for the general fund is presented on page 49.

Variations between the original and final budget amounts were in part created by increased state funding and carryover of program funds from one year to the next. These amounts were unknown at the time the original budget was adopted.

Variations between final budget amounts and actual results were mainly a result of programs not fully spent in the fiscal year. This resulted in significant funds that were carried forward into the 2014-15 fiscal year. Expenditures were 7% less than the final budget amounts.

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year, to be completed by June 30th. After updating changes in revenue and expenditure assumptions, the operating budget begins at the school level. The District uses staffing allocation formulas, per pupil allocations for site supplies, and a review of historical cost data to develop a preliminary budget. The Board of Trustees begins the budget process by establishing District goals and budget priorities. The Local Control Accountability Plan (LCAP) outlines the instructional and financial goals for the District and is written using the input of staff, students, parents, and community members. The budget is aligned to support the goals identified in the LCAP.

The budget cycle continues into the following fiscal year with the preparation of a 45-day budget revision (accepted 45 days from the date the governor signs the state budget) and two Interim reports (October 31st and January 31st) reviewed and approved by the Board. Site and department budgets are reviewed regularly to ensure management is aware of any significant variations during the year.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Economic Factors that may affect the Future

LOCAL CONTROL FUNDING FORMULA - On July 1, 2013, the Local Control Funding Formula (LCFF) replaced revenue limit funding and more than 40 categorical programs with base grants per pupil, plus supplemental funding provided via percentage “weights” for students who are English Learners, from low-income families, or in foster care. The LCFF calculates a target for each district and determines the gap between that target and prior year funding. For 2015-16, the state expects to fund 53.08% of the gap. While the state’s intention is to fully fund the target within seven years, there is nothing in statute to ensure this timeline is met. Preliminary estimates indicate the District will receive an increase of approximately \$4.7 million in 2015-16 funding.

PROJECTED STUDENT AVERAGE DAILY ATTENDANCE (ADA) - ADA has increased over the last two years and is expected to continue to increase due to residential construction within the District’s boundary. An increase in ADA will provide some additional revenues but will also put demands on the District’s facilities and instructional resources.

<u>Year</u>	<u>ADA</u>	<u>Percent Growth %</u>
2006-07 (actual)	6,735	(1.3%)
2007-08 (actual) **	6,264	(7.0%)
2008-09 (actual)	6,421	2.5%
2009-10 (actual)	6,218	(3.2%)
2010-11 (actual)	6,304	1.4%
2011-12 (actual)	6,376	1.1%
2012-13 (actual)	6,310	(1.0%)
2013-14 (actual)	6,354	0.7%
2014-15 (actual)	6,387	0.5%
2015-16 (est.)	6,387	0.0%

** Camarillo Academy of Progressive Education K-12 Charter School Opens

Note: The above figures reflect total District P2 ADA, including Special Education.

PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

LOTTERY - Lottery income is based on estimates from the California Department of Education and the Ventura County Office of Education. Projected unrestricted lottery income is \$128 per ADA for 2014-15 and \$140 per ADA for 2015-16. Projected restricted lottery income is \$34 per ADA for 2014-15 and \$41 per ADA for 2015-16.

SPECIAL EDUCATION - Based on current estimates, the General Fund contribution in support of various Special Education programs in 2015-16 will be approximately \$5.1 million, an increase of \$840,000. The lack of adequate Federal funding in this area continues to be a concern of districts.

ENDING FUND BALANCE PROJECTION - The District's 2015-16 ending fund balance is projected to meet and exceed the required 3% contingency reserve requirement. Reserves beyond the 3% requirement are maintained to assist the District with future purchases of textbooks and responding to downturns in the economy and school funding.

Contacting the District's Financial Management

This financial report is designed to provide the community, investors, and creditors with a general overview of the District's financial condition and to show the District's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact:

Ms RaeAnne Michael
Superintendent
Pleasant Valley School District
600 Temple Avenue, Camarillo, California 93010
(805) 445-8628
FAX (805) 987-5511

FINANCIAL SECTION

PLEASANT VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities
<u>Assets</u>	
Cash in county treasury	\$ 20,233,075
Cash in revolving fund	5,250
Cash collections awaiting deposit	91,881
Accounts receivable:	
Federal and state governments	2,428,558
Miscellaneous	595,031
Prepaid expenses	6,926
Land	14,908,761
Depreciable assets, net	63,911,435
Construction in progress	269,118
Total Assets	<u>102,450,035</u>
<u>Deferred Outflows of Resources</u>	
Deferred outflows - pensions	<u>3,846,013</u>
<u>Liabilities</u>	
Accounts payable and other accrued liabilities	3,674,656
Accrued interest	795,053
Unearned revenue	138,610
Current portion of long-term liabilities:	
General obligation bonds	1,405,000
Certificates of participation	298,091
Early retiree incentive	1,700
Non-current portion of long-term liabilities:	
General obligation bonds	30,720,000
Certificates of participation	948,276
Compensated absences	437,826
Net pension liability	36,495,972
Other postemployment benefits other than pensions (OPEB)	1,323,192
Total Liabilities	<u>76,238,376</u>
<u>Deferred Inflows of Resources</u>	
Deferred inflows - pensions	<u>9,809,413</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	45,717,947
Restricted for:	
Debt service	1,676,680
Educational programs	1,441,028
Capital projects	1,510,770
Other programs	294,892
Unrestricted	(30,393,058)
Total Net Position	<u>\$ 20,248,259</u>

See the accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 37,288,700	\$ 620,529	\$ 6,430,547	\$ (30,237,624)
Instruction - related services	5,961,639	33,181	530,322	(5,398,136)
Pupil services	4,335,748	598,792	1,243,962	(2,492,994)
General administration	3,826,144	47,911	218,174	(3,560,059)
Plant services	5,286,406	6,592	104,165	(5,175,649)
Ancillary services	31,372		1,932	(29,440)
Community services	1,093,507		26,779	(1,066,728)
Other outgo	1,395,809	317,700	519,262	(558,847)
Debt service - interest	1,950,251			(1,950,251)
Depreciation (unallocated)	3,253,013			(3,253,013)
Total Governmental Activities	\$ 64,422,589	\$ 1,624,705	\$ 9,075,143	(53,722,741)
General Revenues				
Property taxes levied for				
General purposes				19,121,821
Debt service				3,277,395
Federal and state aid not restricted to specific purposes				25,880,230
Interest and investment earnings				63,602
Miscellaneous				3,371,878
Total General Revenues				51,714,926
Change in net position				(2,007,815)
Net Position - Beginning of Year, as Originally Stated				64,613,390
Cumulative effect of change in accounting principle (See Note 15)				(42,357,316)
Net Position - Beginning of Year, Restated				22,256,074
Net Position - End of Year				\$ 20,248,259

See the accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash in county treasury	\$ 14,969,248	\$ 2,469,776	\$ 2,794,051	\$ 20,233,075
Cash in revolving fund	5,250			5,250
Cash collections awaiting deposit	64,992		26,889	91,881
Accounts receivable:				
Federal and state governments	2,230,310		198,248	2,428,558
Miscellaneous	589,453	1,957	3,621	595,031
Prepaid expenses	6,926			6,926
Due from other funds	246,878		241,200	488,078
Total Assets	<u>\$ 18,113,057</u>	<u>\$ 2,471,733</u>	<u>\$ 3,264,009</u>	<u>\$ 23,848,799</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 3,285,548	\$	\$ 389,108	\$ 3,674,656
Due to other funds	241,200		246,878	488,078
Unearned revenue	138,610			138,610
Total Liabilities	<u>3,665,358</u>	<u>-</u>	<u>635,986</u>	<u>4,301,344</u>
<u>Fund Balance</u>				
Nonspendable	12,176			12,176
Restricted	1,441,028	2,471,733	1,805,662	5,718,423
Committed			822,361	822,361
Assigned	6,597,652			6,597,652
Unassigned	6,396,843			6,396,843
Total Fund Balance	<u>14,447,699</u>	<u>2,471,733</u>	<u>2,628,023</u>	<u>19,547,455</u>
Total Liabilities and Fund Balance	<u>\$ 18,113,057</u>	<u>\$ 2,471,733</u>	<u>\$ 3,264,009</u>	<u>\$ 23,848,799</u>

See the accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances - governmental funds \$ 19,547,455

Amounts reported for governmental funds are different than
the statement of net position because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in governmental
funds. These assets consist of:

Land	\$ 14,908,761	
Depreciable assets, net	63,911,435	
Construction in progress	<u>269,118</u>	79,089,314

Deferred outflows and inflows of resources are not reported because
they are applicable to future periods. Deferred outflows and inflows of
resources at year-end consist of:

Deferred outflows of resources - pensions	3,846,013	
Deferred inflows of resources - pensions	<u>(9,809,413)</u>	(5,963,400)

Long-term liabilities are not due and payable in the current period and
therefore are not reported as liabilities in governmental funds. Long-
term liabilities at year-end consist of:

General obligation bonds	(32,125,000)	
Certificates of participation	(1,246,367)	
Early retiree incentive	(1,700)	
Net pension liability	(36,495,972)	
Other postemployment benefits other than pensions (OPEB)	(1,323,192)	
Compensated absences	<u>(437,826)</u>	(71,630,057)

Accrued interest on long term debt, that is the amount of interest due
from the last payment made until the end of the fiscal period June 30,
2015, consist of:

Interest due on general obligation bonds		<u>(795,053)</u>
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Total net position - governmental activities \$ 20,248,259

See the accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015**

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula sources:				
State apportionments	\$ 25,944,991	\$	\$ 241,200	\$ 26,186,191
Local sources	16,964,338			16,964,338
Total local control funding formula sources	42,909,329	-	241,200	43,150,529
Federal sources	2,270,023		1,055,516	3,325,539
Other state sources	3,142,021	26,909	90,649	3,259,579
Other local sources	8,025,209	3,257,396	1,252,523	12,535,128
Total Revenues	<u>56,346,582</u>	<u>3,284,305</u>	<u>2,639,888</u>	<u>62,270,775</u>
Expenditures				
Instruction	37,302,224			37,302,224
Instruction - related services	5,876,415			5,876,415
Pupil services	2,723,100		1,619,088	4,342,188
General administration	3,469,963		92,130	3,562,093
Plant services	5,131,198		975,292	6,106,490
Ancillary services	30,640			30,640
Community services	1,072,572			1,072,572
Other outgo	1,395,809			1,395,809
Debt service	354,941	3,289,113	26,145	3,670,199
Total Expenditures	<u>57,356,862</u>	<u>3,289,113</u>	<u>2,712,655</u>	<u>63,358,630</u>
Net changes in fund balance	(1,010,280)	(4,808)	(72,767)	(1,087,855)
Fund Balance - Beginning of Year	<u>15,457,979</u>	<u>2,476,541</u>	<u>2,700,790</u>	<u>20,635,310</u>
Fund Balance - End of Year	<u><u>\$ 14,447,699</u></u>	<u><u>\$ 2,471,733</u></u>	<u><u>\$ 2,628,023</u></u>	<u><u>\$ 19,547,455</u></u>

See the accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2015

Net change in fund balances-total governmental funds **\$ (1,087,855)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period

Capital outlay	\$ 1,037,015	
Depreciation expense	<u>(3,253,013)</u>	(2,215,998)

The governmental funds report proceeds from issuance of debt as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of debt and related items is as follows:

Repayment of general obligation bond principal	1,345,000	
Capital lease principal payments	46,896	
Repayment of certificates of participation principal	294,814	
Net decrease in accrued interest expense	<u>33,238</u>	1,719,948

The governmental funds report amounts contributed to employee retirement plans as an expense. However, in the statement of activities, the District's proportionate share of the retirements plans' pension expense is recorded. (102,056)

In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The changes to these activities consist of:

Net decrease in early retiree incentive	96,685	
Net increase in postemployment benefits other than pensions (OPEB)	(384,988)	
Net increase in compensated absences	<u>(33,551)</u>	<u>(321,854)</u>

Change in net position of governmental activities **\$ (2,007,815)**

See the accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	<u>Associated Student Body Funds</u>
<u>Assets</u>	
Cash in county treasury	\$ 52,820
Cash in banks	62,429
Accounts receivable:	
Miscellaneous	109
Total Assets	<u>115,358</u>
<u>Liabilities</u>	
Accounts payable	<u>11,763</u>
Total Liabilities	<u>11,763</u>
<u>Net Position</u>	
Unrestricted	<u>103,595</u>
Total Net Position	<u><u>\$ 103,595</u></u>

See the accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2015

	Associated Student Body Funds
	<hr/>
Additions	
Other local sources	\$ 251,864
Total Additions	<hr/> 251,864 <hr/>
Deductions	
Other expenses	<hr/> 275,416
Total Deductions	<hr/> 275,416 <hr/>
Change in net position	(23,552)
Net Position - Beginning of Year	<hr/> 127,147
Net Position - End of Year	<hr/> \$ 103,595 <hr/>

See the accompanying notes to the financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

A. BASIS OF PRESENTATION:

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements.

1. Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government. Fiduciary funds are excluded.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. BASIS OF PRESENTATION: (continued)

1. Government-wide Financial Statements: (continued)

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation and interest expense have not been allocated to specific functions.

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. BASIS OF PRESENTATION: (continued)

2. Fund Financial Statements: (continued)

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction - includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services - includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services - includes home to school transportation, food services and other pupil services.

General Administration - includes data processing services and all other general administration services.

Plant Services - includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Ancillary Services - includes activities that are generally designed to provide students with experiences outside the regular school day.

Community Services - includes activities that provide services to community participants other than students.

Other Outgo - includes transfers to other agencies.

Debt Service - includes principal and interest payments for long-term debt.

The fiduciary fund expenditures are presented by natural classification.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. FUND ACCOUNTING:

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

The Statement of Revenues, Expenditures and Changes in Fund Balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

GOVERNMENTAL FUNDS - MAJOR

General Fund - the general operating fund of the District is used to account for all financial resources except those required to be accounted for in another fund. Due to GASB Statement No. 54, the Child Development Fund does not meet the definition of a special revenue fund as it is not primarily composed of restricted or committed revenue sources. Therefore, all activities of this fund are reported in the General Fund.

Debt Service Fund - the Bond Interest and Redemption Fund is used to account for the accumulation of resources restricted for the payment of general obligation bond principal, interest and related costs.

GOVERNMENTAL FUNDS - NON-MAJOR

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

1. Cafeteria Fund - used to account for revenues received and expenditures made to operate the District's cafeterias.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. FUND ACCOUNTING: (continued)

GOVERNMENTAL FUNDS - NON-MAJOR (continued)

Special Revenue Funds (continued)

2. Deferred Maintenance Fund - used for the purpose of major repair or replacement of District property. The District has taken formal action to commit state apportionment funding from the local control funding formula to this fund for the continued operation of the original program. The fund therefore meets the requirements to be reported as a Special Revenue fund.

Capital Projects Funds - used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental general fixed assets. The District maintains two non-major capital project funds:

1. Building Fund - used to account for resources received from old bond issues and the sale of school sites. The resources are to be used for future construction.
2. Capital Facilities Fund - used to account for resources received from residential and commercial developer impact fees.

FIDUCIARY FUNDS

Associated Student Body Funds - used to account for raising and expending money to promote the general welfare, morale and educational experiences of the student body. All school site student body fund activity is processed through the District and reported as a single fund.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

2. Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year. The District has recognized receivables in accordance with this standard.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

3. Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2105, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

4. Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB. Improvements are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15-40 years
Furniture and Equipment	5-20 years
Vehicles	10-20 years

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

5. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applied to future periods and thus, will not be recognized as an outflow of resource (expense/expenditure) until then. These amounts are reported in the government-wide statement of net position.

Deferred outflows – pension contributions: Deferred outflows of resources resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuation for the pension plans. These contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Deferred outflows – pension proportionate share: Deferred outflows of resources resulted from the change in the District's proportionate share of pension contributions. These amounts will be amortized to pension expense over a closed period of 3.9 years.

6. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

7. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

7. Compensated Absences (continued)

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

8. Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements.

9. Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) State Teachers' Retirement Plan and the California Public Employees' Retirement System (CalPERS) Schools Pool Plan (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

10. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources – pensions, results from the difference between the estimated and actual return on pension plan investments. This amount is deferred and amortized over 5 years.

11. Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

12. Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Trustees, through a formal action has given authority to the Chief Business Official to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

13. Spending Order Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, GASB prescribes that the default order in which these amounts should be spent is committed, assigned, and then unassigned unless the Board of Trustees has provided otherwise in its commitment or assignment functions.

14. Minimum Fund Balance Policy

The District does not have a written minimum fund balance policy. To protect against revenue shortfalls and unexpected one-time expenditures, the District has maintained a Reserve for Economic Uncertainties consisting of unassigned amounts equivalent to at least 3% of budgeted General Fund expenditures and other financing uses. These amounts represent the minimum recommended reserve consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education. In addition, the District has maintained an additional Budget Stabilization consisting of unassigned amounts to assist in addressing economic uncertainties.

15. State Apportionments

Certain current year apportionments from the State are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula (LCFF) and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

16. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

16. Property Taxes (continued)

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the State for local control funding formula purposes. Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the government-wide financial statements.

17. On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. The amount of on-behalf payments made for the District has been recorded in the fund financial statements.

18. Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

19. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

D. REPORTING ENTITY:

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. REPORTING ENTITY: (continued)

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following potential component units have been excluded in the District's reporting entity:

The Pleasant Valley Education Foundation - The Foundation is a separate not-for-profit corporation. The Foundation is not included as a component unit because the third criterion was not met; the economic resources received and held by the Foundation are not significant to the District. Separate financial statements for the Foundation may be obtained through the District.

Various PTA, PTO and Booster Clubs - Each of these types of organizations at each of the school sites within the District were evaluated using the three criterion listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA, PTO and the Booster Club individually are not significant to the District.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. REPORTING ENTITY: (continued)

The University Preparation Schools (UPS) - A charter school approved by PVSD's Board on October 11, 2001 which started operations in September 2002. UPS is a separate not-for-profit corporation. The Board of Directors are elected independent of any District Board of Trustee's appointments. The UPS Board is responsible for approving their own budgets and accounting related activities. Separate financial statements for UPS may be obtained through the District.

Based upon the application of the criteria listed above, the following component unit has been included in the District's reporting entity:

The Pleasant Valley School District Educational Facilities Corporation - The financial activity, including the Certificates of Participation issued by the Corporation, are included in the statement of net position. Pass-through activity for debt service payments between the District and the Corporation are eliminated. Individually prepared financial statements are not prepared for the Corporation.

NOTE 2 - BUDGETS:

By state law, the District's Governing Board must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS:

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2015, none of the District's bank balance was exposed to credit risk.

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury as part of the common investment pool. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2015 is measured at 99.9% of amortized cost.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. The County investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

NOTE 4 - INTERFUND TRANSACTIONS:

Interfund activity has been eliminated in the Government-wide statements as required by GASB No. 34. The balances and transactions identified on the next page are reported in the fund financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 4 - INTERFUND TRANSACTIONS: (continued)

1. Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2015 are temporary loans and are detailed as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund:		
General Fund	\$ 246,878	\$ 241,200
Non-Major Funds:		
Cafeteria Fund		92,131
Deferred Maintenance Fund	241,200	
Capital Facilities Fund	<u> </u>	<u>154,747</u>
Totals	<u>\$ 488,078</u>	<u>\$ 488,078</u>

2. Interfund Transactions

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. The District did not have any interfund transfers for the 2014-15 fiscal year.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 5 - FUND BALANCES:

The following amounts were nonspendable, restricted, committed, assigned or unassigned as shown below:

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable				
Revolving cash	\$ 5,250	\$	\$	\$ 5,250
Prepaid expenditures	6,926			6,926
Total Nonspendable	<u>12,176</u>	<u>-</u>	<u>-</u>	<u>12,176</u>
Restricted				
Legally restricted programs	1,441,028		294,892	1,735,920
Construction projects			1,510,770	1,510,770
Debt service		2,471,733		2,471,733
Total Restricted	<u>1,441,028</u>	<u>2,471,733</u>	<u>1,805,662</u>	<u>5,718,423</u>
Committed				
Deferred maintenance			822,361	822,361
Total Committed	<u>-</u>	<u>-</u>	<u>822,361</u>	<u>822,361</u>
Assigned				
Instructional materials adoption	2,182,413			2,182,413
Equipment replacement	192,045			192,045
Program balances	3,573,202			3,573,202
Child care program	649,992			649,992
Total Assigned	<u>6,597,652</u>	<u>-</u>	<u>-</u>	<u>6,597,652</u>
Unassigned				
Economic uncertainties	1,643,485			1,643,485
Budget stabilization	4,753,358			4,753,358
Total Unassigned	<u>6,396,843</u>	<u>-</u>	<u>-</u>	<u>6,396,843</u>
Total fund balance	<u>\$ 14,447,699</u>	<u>\$ 2,471,733</u>	<u>\$ 2,628,023</u>	<u>\$ 19,547,455</u>

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION - SCHEDULE OF CHANGES:

A schedule of changes in general fixed assets for the year ended June 30, 2015 is shown below.

Capital Assets Not Being Depreciated:

Land	\$ 14,908,761	\$	\$	\$ 14,908,761
Construction in progress	331,168	764,243	826,293	269,118
Total capital assets not being depreciated:	<u>15,239,929</u>	<u>764,243</u>	<u>826,293</u>	<u>15,177,879</u>

Capital Assets Being Depreciated:

Buildings and improvements	103,614,012	867,426		104,481,438
Site improvements	2,683,668	56,075		2,739,743
Machinery, equipment and vehicles	4,515,627	175,564		4,691,191
Total capital assets being depreciated:	<u>110,813,307</u>	<u>1,099,065</u>	<u>-</u>	<u>111,912,372</u>

Less accumulated depreciation for:

Buildings and improvements	40,083,011	3,012,706		43,095,717
Site improvements	1,149,634	141,551		1,291,185
Machinery, equipment and vehicles	3,515,279	98,756		3,614,035
Total accumulated depreciation:	<u>44,747,924</u>	<u>3,253,013</u>	<u>-</u>	<u>48,000,937</u>

Capital assets, net	<u>\$ 81,305,312</u>	<u>\$ (1,389,705)</u>	<u>\$ 826,293</u>	<u>\$ 79,089,314</u>
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NOTE 7 - CAPITAL LEASES:

The District leased equipment and buildings valued at \$367,111 under agreements which provided for title to pass upon expiration of the lease period. The District did not receive any sublease rental revenues nor pay any contingent rentals for the equipment or buildings over the terms of the leases. The lease agreements expired in the 2014-15 fiscal year.

NOTE 8 - GENERAL OBLIGATION BONDS:

Several bond series were issued during the time period of 1998-2001. The purpose of these bonds was to finance additional classrooms and the repair and refurbishment of existing facilities. On October 2, 2002, the District refinanced all bonds previously issued. The amount of in-substance defeased debt outstanding with the new escrow agent at June 30, 2015 for Issue A is \$4,660,000, Issue B is \$9,475,000, Issue C is \$10,845,000 and Issue D is \$9,310,000 and is not recorded in these financial statements.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - GENERAL OBLIGATION BONDS: (continued)

The outstanding bonded debt at June 30, 2015 is:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2014	Redeemed Current Year	Outstanding June 30, 2015
10/2/2002	2.20%-5.85%	8/1/2031	<u>\$ 45,825,000</u>	<u>\$ 33,470,000</u>	<u>\$ 1,345,000</u>	<u>\$ 32,125,000</u>

The annual requirements to amortize the bonds payable outstanding as of June 30, 2015, are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 1,405,000	\$ 1,872,045	\$ 3,277,045
2017	1,490,000	1,793,610	3,283,610
2018	1,590,000	1,706,153	3,296,153
2019	1,690,000	1,612,845	3,302,845
2020-2024	10,115,000	6,449,625	16,564,625
2025-2029	13,060,000	3,110,738	16,170,738
2030-2032	<u>2,775,000</u>	<u>208,260</u>	<u>2,983,260</u>
Total	<u>\$ 32,125,000</u>	<u>\$ 16,753,276</u>	<u>\$ 48,878,276</u>

NOTE 9 - CERTIFICATES OF PARTICIPATION:

The District originally entered into a long-term lease agreement to provide for the financing of the acquisition and installation of certain items of equipment and capital improvements in 1993. The agreement is between the Pleasant Valley School District as the “lessee” and the Pleasant Valley School District Educational Facilities Corporation, as the “lessor” or “corporation”. The Corporation’s funds for acquiring these items were generated by the issuance of \$4,370,000 of Certificates of Participation, which are tax exempt and therefore issued at interest rates below current market levels for taxable investments.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 9 - CERTIFICATES OF PARTICIPATION: (continued)

On May 1, 1997, the Pleasant Valley School District Educational Facilities Corporation issued Refunding Certificates of Participation in the amount of \$4,550,000 with interest rates ranging from 3.8% to 5.7%. The proceeds were used to pay off the 1993 Certificates of Participation.

On June 28, 2012, the Pleasant Valley School District Educational Facilities Corporation issued Refunding Certificates of Participation in the amount of \$2,100,463 with a stated interest rate of 2.65%. The refunding proceeds were issued to advance refund the 1997 Refunding Certificates of Participation. \$1,933,395 in refunding proceeds were placed into an irrevocable escrow account and were used to call and payoff the refunded certificates during 2012-13.

The outstanding long-term debt at June 30, 2015 is:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 298,091	\$ 33,029	\$ 331,120
2017	305,886	25,129	331,015
2018	318,031	17,023	335,054
2019	<u>324,359</u>	<u>8,596</u>	<u>332,955</u>
Total	<u>\$ 1,246,367</u>	<u>\$ 83,777</u>	<u>\$ 1,330,144</u>

NOTE 10 - EARLY RETIREE INCENTIVE:

The District adopted an Early Retiree Incentive in 2010 and 2011. Eligible employees that retired prior to a certain date are provided a retirement annuity based upon earnings and length of service. Eighteen and sixteen employees that met the requirements chose to participate in the plan in 2010 and 2011, respectively. Expenditures paid during 2014-15 totaled \$96,685. The District's liability as of June 30, 2015 is \$1,700.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 11 - LONG-TERM DEBT - SCHEDULE OF CHANGES:

A schedule of changes in long-term debt for the year ended June 30, 2015 is shown below.

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due In One Year
General obligation bonds - refunding	\$ 33,470,000	\$	\$ 1,345,000	\$ 32,125,000	\$ 1,405,000
Capital leases	46,896		46,896	-	
Certificates of participation	1,541,181		294,814	1,246,367	298,091
Early retiree incentive	98,385		96,685	1,700	1,700
Net pension liability	45,025,654		8,529,682	36,495,972	
Other postemployment benefits other than pensions (OPEB)	938,204	384,988		1,323,192	
Compensated absences	404,275	33,551		437,826	
	<u>\$ 81,524,595</u>	<u>\$ 418,539</u>	<u>\$ 10,313,077</u>	<u>\$ 71,630,057</u>	<u>\$ 1,704,791</u>

Liabilities for the supplemental employee retirement plan, net pension liability, net OPEB obligations and compensated absences are liquidated by the fund recording the associated salary expenses. Certificates of participation and capital leases are liquidated by the General Fund and Capital Facilities Fund. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption (Debt Service) Fund.

* The beginning balance has been restated to add the net pension liability in accordance with GASB Statements No. 68 and No. 71. See Note 15.

NOTE 12 - EMPLOYEE RETIREMENT PLANS:

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

As of June 30, 2015, the District implemented GASB Statements No. 68 and No. 71, and as a result, reported its proportionate share of the net pension liabilities, pension expense and deferred inflows of resources, and deferred outflows of resources for each of the retirement plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS (STRP)	\$ 28,049,760	\$ 2,278,095	\$ 6,907,200	\$ 2,421,600
CalPERS (Schools Pool Plan)	<u>8,446,212</u>	<u>1,567,918</u>	<u>2,902,213</u>	<u>944,778</u>
Totals	<u>\$ 36,495,972</u>	<u>\$ 3,846,013</u>	<u>\$ 9,809,413</u>	<u>\$ 3,366,378</u>

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and the Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>STRP Defined Benefit Program & Supplement Program</u>	
	<u>On or Before December 31, 2012</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2015 are presented above and the total District contributions were \$2,278,095.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District proportionate share of net pension liability	\$ 28,049,760
State's proportionate share of the net pension liability associated with the District	<u>16,937,826</u>
Total	<u>\$ 44,987,586</u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the District's proportion was 0.0480%.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$2,421,600, including \$1,318,285 of pension expense and revenue for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,278,095	\$
Net differences between projected and actual earnings on plan investments		<u>6,907,200</u>
Total	<u>\$ 2,278,095</u>	<u>\$ 6,907,200</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed 5-year period, beginning in the current fiscal year, and remaining amounts will be recognized as a reduction of pension expense as follows:

<u>Year Ended June 30</u>	<u>Amortization</u>
2016	\$ 1,726,800
2017	1,726,800
2018	1,726,800
2019	<u>1,726,800</u>
	<u>\$ 6,907,200</u>

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

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 of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the table that follows:

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.60%)	\$ 43,722,240
Current discount rate (7.60%)	28,049,760
1% increase (8.60%)	14,981,760

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California State Teachers' Retirement System (CalSTRS) (continued)

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California Public Employees Retirement System (CalPERS) (continued)

Benefits Provided (continued)

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or Before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	6.974%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015 are presented above and the total District contributions were \$1,005,080.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$8,446,212. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.0744%.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$944,778. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,005,080	\$
Change in proportionate share of contributions	562,838	
Net differences between projected and actual earnings on plan investments		2,902,213
Total	<u>\$ 1,567,918</u>	<u>\$ 2,902,213</u>

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred outflows of resources resulting from a change in proportionate share of contributions is amortized over a 3.9 year closed basis. The deferred inflows of resources related to plan investments is amortized over a closed 5-year period, beginning in the current fiscal year, and the unamortized balance will be recognized as a reduction of pension expense as follows:

<u>Year Ended June 30</u>	<u>Amortization</u>
2016	\$ 531,471
2017	531,471
2018	550,879
2019	725,554
	<u>\$ 2,339,375</u>

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014.

The financial reporting actuarial valuation as of June 30, 2013 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.50%)	\$ 14,816,583
Current discount rate (7.50%)	8,446,212
1% increase (8.50%)	3,123,124

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

California Public Employees Retirement System (CalPERS) (continued)

Plan Fiduciary Net Position

Detailed information about CalPERS School Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 13 - POSTEMPLOYMENT HEALTHCARE BENEFITS:

Plan Description and Eligibility

The District provides medical coverage to retirees based on the following provisions:

A. Retiree benefits for employees who retired on or before June 30, 1984:

The District shall provide fully paid medical, dental and/or vision insurance premiums for employees and dependents of employees who retired on or before June 30, 1984, after reaching their 55th birthday, provided said employee had given ten (10) years of satisfactory service to the District. This coverage shall extend for the life of the retired employee.

B. Retiree benefits for employees hired on or before June 30, 1984, who retire after June 30, 1984:

The District shall contribute not more than three thousand nine hundred dollars (\$3,900) per year per retiree and dependents toward medical, dental and/or vision insurance premiums for all qualified employees and dependents of employees who retire after June 30, 1984, after reaching their 55th birthday, provided said employee had given twelve (12) consecutive years of satisfactory service to the District. This coverage shall extend for the life of the retired employee.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 13 - POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Plan Description and Eligibility (continued)

- C. Retiree benefits for employees hired after June 30, 1984:

The District shall contribute not more than twenty-four hundred dollars (\$2,400) per year per employee and dependents of employees toward medical, dental and/or vision premiums for all employees hired subsequent to June 30, 1984. The employee shall be required to have reached their 60th birthday and shall be required to have served the District for fifteen (15) consecutive years. This coverage shall extend for the life of the retired employee.

- D. Retiree benefits for employees hired after June 30, 1986 who are eligible for Medicare through District employment and who meet the qualifications of subsection C above receive benefits as outlined below:

The District shall contribute not more than twenty-four hundred (\$2,400) per year per employee and dependents of employees toward medical, dental and/or vision premiums until such time as the employee meets the eligibility requirements for Medicare.

The Retiree Health Plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District contributes the cost of current year premiums for eligible retired plan members and their dependents as applicable. For fiscal year ended 2015, the District contributed \$859,884 to the plan for current year premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of 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 (or funding excess) over a period not to exceed thirty years.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 13 - POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation:

Annual required contribution (ARC)	\$ 1,290,013
Interest on net OPEB obligation	42,219
Adjustment to ARC	<u>(87,360)</u>
Annual OPEB cost	1,244,872
Contributions made	<u>(859,884)</u>
Change in net OPEB obligation	384,988
Net OPEB obligation - beginning of year	<u>938,204</u>
Net OPEB obligation - end of year	<u><u>\$ 1,323,192</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for each of the last three fiscal years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 1,312,342	87.1%	\$ 554,793
6/30/2014	1,309,798	70.7%	938,204
6/30/2015	1,244,872	69.1%	1,323,192

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 13 - POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Funding Status and Funding Progress

As of March 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$9,979,842. The covered payroll (annual payroll of active employees covered by the plan) was \$29,970,637, and the ratio of the UAAL to the covered payroll was 33.3%. Currently, the District is using the pay as you go method to fund the existing fiscal year payments.

Actuarial valuations of an ongoing benefit 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 healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of postemployment healthcare benefits funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

In the March 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, and an annual healthcare cost trend rate of 4.0 percent per year. Both rates included a 2.75 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is amortized as a level dollar amount on a closed basis over sixteen years for the initial UAAL and on an open basis over fifteen years for the remaining UAAL. The amortization period will expire on the initial UAAL in the fiscal year 2023-24.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 14 - JOINT POWERS AGREEMENTS:

The Pleasant Valley School District (the District) participates in three joint power agreement (JPA) entities, the Ventura County Schools Self-Funding Authority (VCSSFA), the Ventura County Fast Action School Transit Authority (VCFAST) and the Self Insured Schools of California (SISC). VCSSFA provides workers' compensation, property and liability coverage for its member school districts. The District pays a contribution commensurate with the level of coverage requested. VCFAST was established July 1, 1995 for the purpose of providing a county wide distribution system for carrying documents and materials to and from the Ventura County Superintendent of Schools Office and participating public agencies. SISC arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing board.

The JPAs are independently accountable for their fiscal matters. VCSSFA, VCFAST and SISC maintain their own accounting records. Budgets are not subject to any approval other than that of the JPAs governing board. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

	VCSSFA (Audited) June 30, 2014	VCFAST (Audited) June 30, 2014	SISC (Audited) September 30, 2014
Total Assets	\$ 96,474,918	\$ 38,118	\$ 304,614,232
Total Liabilities	\$ 58,139,911	\$ 19,173	\$ 159,022,820
Total Net Position	\$ 38,335,007	\$ 18,945	\$ 145,591,412
Total Revenues	\$ 20,523,738	\$ 114,876	\$ 1,519,341,871
Total Expenditures	\$ 20,902,216	\$ 105,954	\$ 1,541,013,235

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 15 – CUMULATIVE EFFECT OF ACCOUNTING CHANGES AND RESTATEMENT TO BEGINNING NET POSITION:

The beginning net position of the government-wide financial statements has been decreased by \$42,357,316 to recognize the beginning balance of the net pension liability of (\$45,025,654) and deferred outflows of resources of \$2,668,338 resulting from the implementation of GASB Statements No. 68 and No. 71.

The effect of this implementation has resulted in a negative unrestricted net position at June 30, 2015. The retirement plan administrators for CalSTRS and CalPERS will require increases in contribution amounts to reduce the net pension liability in future years. The District has budgeted for increased contributions in the 2016 year.

NOTE 16 - COMMITMENTS AND CONTINGENCIES:

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

NOTE 17 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE:

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2015, that have effective dates that may impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 72 – Fair Value Measurement and Application

This statement was issued in February 2015 and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements by establishing a hierarchy of inputs to valuation techniques used to measure fair value. The statement is effective for the fiscal year 2015-16.

PLEASANT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 17 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
ISSUED, NOT YET EFFECTIVE: (continued)**

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

This statement was issued in June 2015 and extends the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. The object is to provide information about financial support provided by certain non-employer entities for pensions that are provided to the employees of other entities and that are not within the scope of Statement No. 68 and to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. The statement is effective for the fiscal year 2015-16 except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the fiscal year 2016-17.

Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This statement was issued in June 2015 and establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. The statement also establishes requirements for reporting information about financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. This statement is closely related in some areas to Statement No. 74. The statement is effective for the fiscal year 2017-18.

Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

This statement was issued in June 2015 and 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. The statement is effective for the fiscal year 2015-16.

REQUIRED SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts - General Fund		Actual Amounts	(a) Fund Basis to GAAP	Actual Amounts
	Original	Final (b)	General Fund (b)		GAAP Basis
Revenues					
Local control funding formula sources:					
State apportionments	\$ 25,961,398	\$ 25,944,991	\$ 25,944,991	\$	\$ 25,944,991
Local sources	16,656,028	16,964,338	16,964,338		16,964,338
Total local control funding formula sources	42,617,426	42,909,329	42,909,329		42,909,329
Federal sources	2,087,831	2,486,105	2,270,023		2,270,023
Other state sources	1,228,194	3,119,085	3,137,178	4,843	3,142,021
Other local sources	5,933,840	6,644,654	6,690,680	1,334,529	8,025,209
Total Revenues	51,867,291	55,159,173	55,007,210	1,339,372	56,346,582
Expenditures					
Certificated salaries	25,958,619	27,154,677	26,357,177	2,878	26,360,055
Classified salaries	7,568,210	8,055,644	8,144,952	755,578	8,900,530
Employee benefits	10,441,378	11,767,923	11,491,759	227,372	11,719,131
Books and supplies	5,103,811	7,332,887	3,390,906	75,006	3,465,912
Services and other operating expenses	5,095,772	5,667,343	4,891,913	183,093	5,075,006
Capital outlay		303,849	177,608		177,608
Other outgo	1,340,517	1,346,725	1,395,809		1,395,809
Debt service	470,000	338,225	338,225	16,716	354,941
Direct support - indirect costs	(37,605)	(92,130)	(92,130)		(92,130)
Total Expenditures	55,940,702	61,875,143	56,096,219	1,260,643	57,356,862
Excess (deficiency) of revenues over expenditures	(4,073,411)	(6,715,970)	(1,089,009)	78,729	(1,010,280)
Other Financing Uses					
Interfund transfers out	(241,200)				
Total Other Financing Uses	(241,200)	-	-	-	-
Net changes in fund balance	\$ (4,314,611)	\$ (6,715,970)	(1,089,009)	78,729	(1,010,280)
Fund Balance - Beginning of Year			14,885,294	572,685	15,457,979
Fund Balance - End of Year			\$ 13,796,285	\$ 651,414	\$ 14,447,699

(a) Amounts presented are the result of the District including activity of the Child Development fund. (See Note 1)

(b) Amounts have been revised to reflect the recording of state on-behalf payments to CalSTRS.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
3/1/2011	\$	\$ 10,673,915	\$ 10,673,915	0.0%	\$ 26,863,524	39.7%
3/1/2013		11,872,342	11,872,342	0.0%	26,548,491	44.7%
3/1/2015		9,979,842	9,979,842	0.0%	29,970,637	33.3%

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF

THE NET PENSION LIABILITY

CalSTRS - STATE TEACHERS RETIREMENT PLAN

For the Fiscal Year Ended June 30, 2015

	<u>2015</u>
District's proportion of the net pension liability (assets)	0.0480%
District's proportionate share of the net pension liability (asset)	\$ 28,049,760
State's proportionate share of the net pension liability (asset) associated with the District	<u>16,937,826</u>
Total	<u><u>\$ 44,987,586</u></u>
District's covered-employee payroll *	\$ 24,300,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll *	115.43%
Plan fiduciary net position as a percentage of the total pension liability	77.00%

* Amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

Note: Accounting standards require the presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF

THE NET PENSION LIABILITY

CalPERS – SCHOOLS POOL PLAN

For the Fiscal Year Ended June 30, 2015

	<u>2015</u>
District's proportion of the net pension liability (assets)	0.0744%
District's proportionate share of the net pension liability (asset)	<u>\$ 8,446,212</u>
District's covered-employee payroll *	\$ 7,800,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll *	108.28%
Plan fiduciary net position as a percentage of the total pension liability	83.37%

* Amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

Note: Accounting standards require the presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CalSTRS - STATE TEACHERS RETIREMENT PLAN
For the Fiscal Year Ended June 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 2,278,095
Contributions in relation to the contractually required contribution	<u>2,278,095</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 25,650,000
Contributions as a percentage of covered-employees	8.88%

Note: Accounting standards require the presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CalPERS – SCHOOLS POOL PLAN
For the Fiscal Year Ended June 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 1,005,080
Contributions in relation to the contractually required contribution	<u>1,005,080</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 8,538,000
Contributions as a percentage of covered-employees	11.77%

Note: Accounting standards require the presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Budgetary Comparison For The General Fund

A budgetary comparison be presented for the general fund and for any major special revenue fund that has a legally adopted annual budget. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal yearend and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

B. Schedule of Postemployment Healthcare Benefits Funding Progress

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

C. Schedules of the District's Proportionate Share of the Net Pension Liability – CalSTRS - STRP and CalPERS - Schools Pool Plan

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

D. Schedules of District Contributions - CalSTRS - STRP and CalPERS - Schools Pool Plan

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Excess of expenditures over appropriations, by major object accounts, occurred in the General Fund as follows:

Classified salaries	\$89,308
Other outgo	49,084

SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

HISTORY AND ORGANIZATION

June 30, 2015

The Pleasant Valley School District is comprised of an area of approximately forty-nine (49) square miles located in Ventura County. There were no changes in the boundaries of the District during the current year. The District is currently operating one pre-school, seven elementary schools, two middle schools and two alternative (Grades K-8) schools.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2015 were as follows:

BOARD OF TRUSTEES

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Mrs. Kelly Long	President	December 2016
Mr. Bob Rust	Clerk	December 2018
Mrs. Suzanne Kitchens	Member	December 2016
Ms. Debra Kuske	Member	December 2018
Mr. Ron Speakman	Member	December 2018

DISTRICT ADMINISTRATION

Ms. RaeAnne Michael	Superintendent
Ms. Cathy Bojorquez	Chief Business Official
Dr. Kristal DeVillers	Assistant Superintendent, Curriculum, Instruction and Assessment
Ms. Evalene Murphy	Assistant Superintendent, Human Resources

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)

For the Fiscal Year Ended June 30, 2015

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the State for the fiscal year ended June 30, 2015 are as follows:

	<u>Second Period</u>	<u>Annual</u>
Grades transitional kindergarten through third		
Regular ADA	2,745	2,739
Extended year special education	4	4
Special education - nonpublic, nonsectarian schools	<u>1</u>	<u>2</u>
Total grades transitional kindergarten through third	<u>2,750</u>	<u>2,745</u>
Grades four through six		
Regular ADA	2,191	2,182
Extended year special education	4	4
Special education - nonpublic, nonsectarian schools	<u>1</u>	<u>1</u>
Total grades four through six	<u>2,196</u>	<u>2,187</u>
Grades seven and eight		
Regular ADA	1,437	1,429
Extended year special education	2	2
Special education - nonpublic, nonsectarian schools	2	2
Extended year special education - nonpublic, nonsectarian schools	<u>1</u>	<u>1</u>
Total grades seven and eight	<u>1,441</u>	<u>1,434</u>
Total ADA	<u><u>6,387</u></u>	<u><u>6,366</u></u>

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Fiscal Year Ended June 30, 2015

<u>Grade Level</u>	<u>2014-15 Minutes</u>			<u>Number of Days Traditional Calendar</u>	<u>Status</u>
	<u>Normal Requirement</u>	<u>Reduced Requirement</u>	<u>Actual Minutes</u>		
Kindergarten	36,000	35,000	40,149	180	In Compliance
Grade 1	50,400	49,000	50,646	180	In Compliance
Grade 2	50,400	49,000	50,646	180	In Compliance
Grade 3	50,400	49,000	50,646	180	In Compliance
Grade 4	54,000	52,500	58,028	180	In Compliance
Grade 5	54,000	52,500	58,028	180	In Compliance
Grade 6	54,000	52,500	61,544	180	In Compliance
Grade 7	54,000	52,500	61,544	180	In Compliance
Grade 8	54,000	52,500	61,544	180	In Compliance

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

PROGRAM NAME	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Categorical Aid Programs:			
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Pass-Through California Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	13390	\$ 266,980
National School Lunch Program	10.555	13396	788,536
Subtotal: Child Nutrition Cluster			1,055,516
Total: U.S. Department of Agriculture			1,055,516
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Pass-Through California Department of Education:			
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement	84.027	13379	1,194,040
IDEA Local Assistance, Part B, Private School ISPs	84.027	10115	5,778
IDEA Federal Preschool Grants	84.173	13430	58,057
IDEA Preschool Local Entitlements	84.027A	13682	125,056
Subtotal Special Education Cluster			1,382,931
No Child Left Behind:			
Title I, Part A	84.010	14329	691,760
Title II - Improving Teacher Quality	84.367	14341	51,375
Title III - Limited English Proficient Student Program	84.365	14346	19,004
Total: U.S. Department of Education			2,145,070
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Pass-Through California Department of Education:			
Medi-Cal Billing Option	93.778	10013	11,603
Total: U.S. Department of Health and Human Services			11,603
Total Federal Program Expenditures			\$ 3,212,189
<u>Reconciliation to Federal Revenue</u>			
Total Federal Program Expenditures			\$ 3,212,189
Revenues in excess of expenditures related to Federal entitlement			
Medi-Cal Billing Option	93.778	10013	77,081
Federal Impact Aid: Maintenance and Operations	84.041	10015	36,269
			<u>\$ 3,325,539</u>

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$11,958 of commodities under the National School Lunch Program (CFDA 10.555).

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30,

	(Budget) 2016		2015 *		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
<u>Revenue</u>								
Local control funding formula sources	\$ 47,465,267	79.7	\$ 42,909,329	76.5	\$ 39,074,898	79.4	\$ 31,977,239	68.8
Federal sources	2,325,108	3.9	2,270,023	4.0	2,309,010	4.7	2,959,460	6.4
Other state sources	5,164,515	8.7	3,137,178	5.6	2,960,615	6.0	6,622,465	14.2
Other local sources	5,837,222	9.8	6,690,680	11.9	6,139,039	12.5	6,363,103	13.7
Total Revenue	<u>60,792,112</u>	<u>102.1</u>	<u>55,007,210</u>	<u>98.0</u>	<u>50,483,562</u>	<u>102.6</u>	<u>47,922,267</u>	<u>103.1</u>
<u>Expenditures</u>								
Certificated salaries	28,431,615	47.8	26,357,177	47.0	24,794,225	50.4	23,128,675	49.7
Classified salaries	8,669,803	14.6	8,144,952	14.5	7,288,400	14.8	6,399,272	13.8
Employee benefits	11,542,044	19.4	11,491,759	20.5	9,395,771	19.1	9,659,545	20.8
Books and supplies	3,951,892	6.5	3,390,906	6.0	2,585,702	5.3	2,093,722	4.5
Services and other operating expenses	5,397,231	9.1	4,891,913	8.7	3,995,683	8.1	3,643,597	7.8
Capital outlay	-	-	177,608	0.3	42,401	0.1	89,056	0.2
Other outgo	1,260,000	2.1	1,395,809	2.5	774,309	1.6	1,170,039	2.5
Debt service	360,000	0.6	338,225	0.6	392,892	0.8	381,525	0.8
Direct support - indirect costs	(88,215)	(0.1)	(92,130)	(0.1)	(75,925)	(0.2)	(59,110)	(0.1)
Total Expenditures	<u>59,524,370</u>	<u>100.0</u>	<u>56,096,219</u>	<u>100.0</u>	<u>49,193,458</u>	<u>100.0</u>	<u>46,506,321</u>	<u>100.0</u>
Change in Fund Balance	<u>\$ 1,267,742</u>	<u>2.1</u>	<u>\$ (1,089,009)</u>	<u>(2.0)</u>	<u>\$ 1,290,104</u>	<u>2.6</u>	<u>\$ 1,415,946</u>	<u>3.1</u>
Ending Fund Balance	<u>\$ 15,064,027</u>	<u>25.3</u>	<u>\$ 13,796,285</u>	<u>24.6</u>	<u>\$ 14,885,294</u>	<u>30.3</u>	<u>\$ 13,595,190</u>	<u>29.2</u>
Available Reserve	<u>\$ 4,816,339</u>	<u>8.1</u>	<u>\$ 6,396,843</u>	<u>11.4</u>	<u>\$ 7,447,696</u>	<u>15.1</u>	<u>\$ 7,371,590</u>	<u>15.9</u>
Recommended Reserve Percentage		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>		<u>3.0</u>
Average Daily Attendance	<u>6,387</u>		<u>6,387</u>		<u>6,354</u>		<u>6,310</u>	
Total Long-Term Debt	<u>\$ 69,925,266</u>		<u>\$ 71,630,057</u>		<u>\$ 36,498,941</u>		<u>\$ 37,815,660</u>	

IMPORTANT NOTES:

Amounts above are those reported as General Fund in the State accounting software and do not include the Child Development fund reported in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts designated for economic uncertainty, and any other remaining unassigned fund balances from the General Fund.

All percentages are of total expenditures.

Average Daily Attendance is at Second Period.

2016 Budget is the budget approved on June 18, 2015.

* In 2015, the District adopted GASB Statements No. 68 and No. 71 (See Note 15) and began recognizing the state's on-behalf payments in other state resources and employee expenditure benefits. Previous years have not been restated to reflect these changes, nor the recognition of pension liabilities in long-term debt.

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2015**

<u>Charter School</u>	<u>Included in District Audit Report</u>
University Preparation School at CSU Channel Islands	No
University Charter Middle School CSU at Channel Islands	No

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

There were no differences between the fund balances reported on the June 30, 2015 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

See the accompanying notes to the supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Average Daily Attendance (ADA)

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

The District met or exceeded its target funding and has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day.

C. Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule is presented on the modified accrual basis of accounting.

D. Schedule of Financial Trends and Analysis

The 2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District has potential fiscal problems and if they have met the recommended available reserve percentages.

E. Schedule of Charter Schools

The 2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

PLEASANT VALLEY SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

June 30, 2015

	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Total Non-major Governmental Funds
<u>Assets</u>					
Cash in county treasury	\$ 216,933	\$ 665,682	\$ 305,116	\$ 1,606,320	\$ 2,794,051
Cash collections awaiting deposit	26,889				26,889
Accounts Receivable:					
Federal and state governments	198,248				198,248
Miscellaneous	1,337	615	281	1,388	3,621
Due from other funds		241,200			241,200
Total Assets	\$ 443,407	\$ 907,497	\$ 305,397	\$ 1,607,708	\$ 3,264,009
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accounts payable	\$ 56,384	\$ 85,136	\$	\$ 247,588	\$ 389,108
Due to other funds	92,131			154,747	246,878
Total Liabilities	148,515	85,136	-	402,335	635,986
<u>Fund Balance</u>					
Restricted	294,892		305,397	1,205,373	1,805,662
Committed		822,361			822,361
Total Fund Balance	294,892	822,361	305,397	1,205,373	2,628,023
Total Liabilities and Fund Balance	\$ 443,407	\$ 907,497	\$ 305,397	\$ 1,607,708	\$ 3,264,009

See the accompanying notes to the optional supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2015

	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Total Non-major Governmental Funds
Revenues					
Local control funding formula sources:					
State apportionments	\$	\$ 241,200	\$	\$	\$ 241,200
Federal sources	1,055,516				1,055,516
Other state sources	90,649				90,649
Other local sources	621,215	1,920	976	628,412	1,252,523
Total Revenues	<u>1,767,380</u>	<u>243,120</u>	<u>976</u>	<u>628,412</u>	<u>2,639,888</u>
Expenditures					
Pupil services	1,619,088				1,619,088
General administration	92,130				92,130
Plant services	82	124,014	2,440	848,756	975,292
Debt service				26,145	26,145
Total Expenditures	<u>1,711,300</u>	<u>124,014</u>	<u>2,440</u>	<u>874,901</u>	<u>2,712,655</u>
Net changes in fund balance	56,080	119,106	(1,464)	(246,489)	(72,767)
Fund Balance - Beginning of Year	<u>238,812</u>	<u>703,255</u>	<u>306,861</u>	<u>1,451,862</u>	<u>2,700,790</u>
Fund Balance - End of Year	<u>\$ 294,892</u>	<u>\$ 822,361</u>	<u>\$ 305,397</u>	<u>\$ 1,205,373</u>	<u>\$ 2,628,023</u>

See the accompanying notes to the optional supplementary information.

PLEASANT VALLEY SCHOOL DISTRICT
NOTES TO OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES:

Combining Fund Financial Statements

The combining fund balance sheet and statement of revenues, expenditures and changes in fund balance has been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



**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***

Board of Trustees
Pleasant Valley School District
600 Temple Avenue
Camarillo, California 93010

We have audited, 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, the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Pleasant Valley School District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control Over Financial Reporting

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

**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***

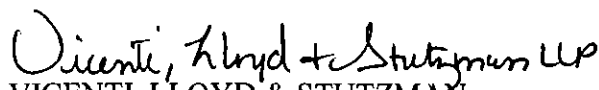
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 30, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Board of Trustees
Pleasant Valley School District
600 Temple Avenue
Camarillo, California 93010

Report on Compliance for Each Major Federal Program

We have audited Pleasant Valley School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Purpose of this Report

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



VICENTI, LLOYD & STUTZMAN LLP

Glendora, California

November 30, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Pleasant Valley School District
600 Temple Avenue
Camarillo, California 93010

We have audited the Pleasant Valley School District's (the District) compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2015. The District's State compliance requirements are identified in the table below.

Management's Responsibility

Management is responsible for compliance with the State laws and regulations as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Attendance reporting	Yes
Teacher certification and misassignments	Yes
Kindergarten continuance	Yes
Independent study	No ¹
Continuation education	Not applicable
Instructional time	Yes
Instructional materials	Yes
Ratio of administrative employees to teachers	Yes
Classroom teacher salaries	Yes
Early retirement incentive	Not applicable
GANN limit calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable
Middle or early college high schools	Not applicable
K-3 grade span adjustment	Yes
Transportation maintenance of effort	Yes
Regional Occupational Centers or Programs maintenance of effort	Not applicable
Adult Education maintenance of effort	Not applicable
California Clean Energy Jobs Act	No ²
After School Education and Safety Program	Not applicable
Proper expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	No ³
Mode of instruction	No ³
Nonclassroom-based instruction/independent study	No ³
Determination of funding for nonclassroom-based instruction	No ³
Annual instructional minutes – classroom based	No ³
Charter School Facility Grant Program	No ³

¹ We did not perform testing for independent study because the independent study ADA was under the level which requires testing.

² Testing was not performed because California Clean Energy Jobs Act funds were not spent during the audit year.

³ The testing for Charter Schools was done by each school's respective auditor.

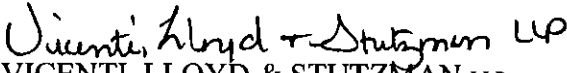
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2015.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 30, 2015

FINDINGS AND QUESTIONED COSTS

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2015

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes x No

Significant deficiencies identified not considered
to be material weaknesses? Yes x None reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes x No

Significant deficiencies identified not considered
to be material weaknesses? Yes x No

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 Circular A-133,
Section .510(a) Yes x No

Identification of major programs tested:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x Yes No

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2015

All audit findings must be identified as one or more of the following twelve categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements for the year ended June 30, 2015.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2015

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2015.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2015

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2015.

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATUS OF PRIOR YEAR FINDINGS
June 30, 2015

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the fiscal year ended June 30, 2014.