PANORAMA COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2013

Table of Contents

		Page
Officials		3
Independent Auditor's Report		4-5
Management's Discussion and Analysis		7-15
Basic Financial Statements:	Exhibit	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Position	G	24
Statement of Revenues, Expenditures and Changes in Fund Net Position	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	27
Statement of Changes in Fiduciary Net Position	K	28
Notes to Financial Statements		29-39
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		42
Notes to Required Supplementary Information - Budgetary Reporting		43
Schedule of Funding Progress for the Retiree Health Plan		44
Supplementary Information:	Schedule	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	47
Capital Projects Accounts:		
Combining Balance Sheet	3	48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	49
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	50
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6	51
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		52-53
Schedule of Findings		54-57

Panorama Community School District

Officials

Name	Title	Term Expires
	Board of Education	
Bryice Wilke	President	2015
Tina Nepstad-Thornberry	Vice President	2013
Scott Fredrickson	Board Member	2013
Robert Meinecke	Board Member	2013
Tom Arganbright	Board Member	2015
	School Officials	
Kathryn Elliot	Superintendent	2013
Sarah Young	Board Secretary/Treasurer	2013
Ahlers & Cooney, P.C.	Attorney	2013

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Panorama Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Panorama Community School District, Panora Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 U.S. generally accepted accounting principles. 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Panorama Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 42 through 44 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 which considers it to be an essential part of the 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 U.S. generally accepted auditing standards, 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 inquires, 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panorama Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary information is the responsibility of management and was derived from and relates 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 underling 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2014, on our consideration of Panorama Community 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 reports 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 and should be considered in assessing the results of our audit.

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

January 29, 2014
Newton, Iowa

Panorama Community School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Panorama Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from $8,073,171 in fiscal 2012 to $7,678,681 in fiscal 2013, while General Fund expenditures decreased from $7,277,237 in fiscal 2012 to $7,215,446 in fiscal 2013. This resulted in an increase in the District's General Fund balance from $976,374 in fiscal 2012 to $1,439,609 in fiscal 2013, a 47.44% increase from the prior year.

- The decrease in General Fund revenues was mainly attributable to decreases in local tax and state sources of revenue in fiscal 2013. The decrease in expenditures was due primarily to decreased instructional spending during the year.

- The District received $622,330 in statewide sales, services and use tax during the year.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Panorama Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Panorama Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Panorama Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds as well as the Capital Projects Accounts.

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

Figure A-1
Panorama Community School District Annual Financial Report

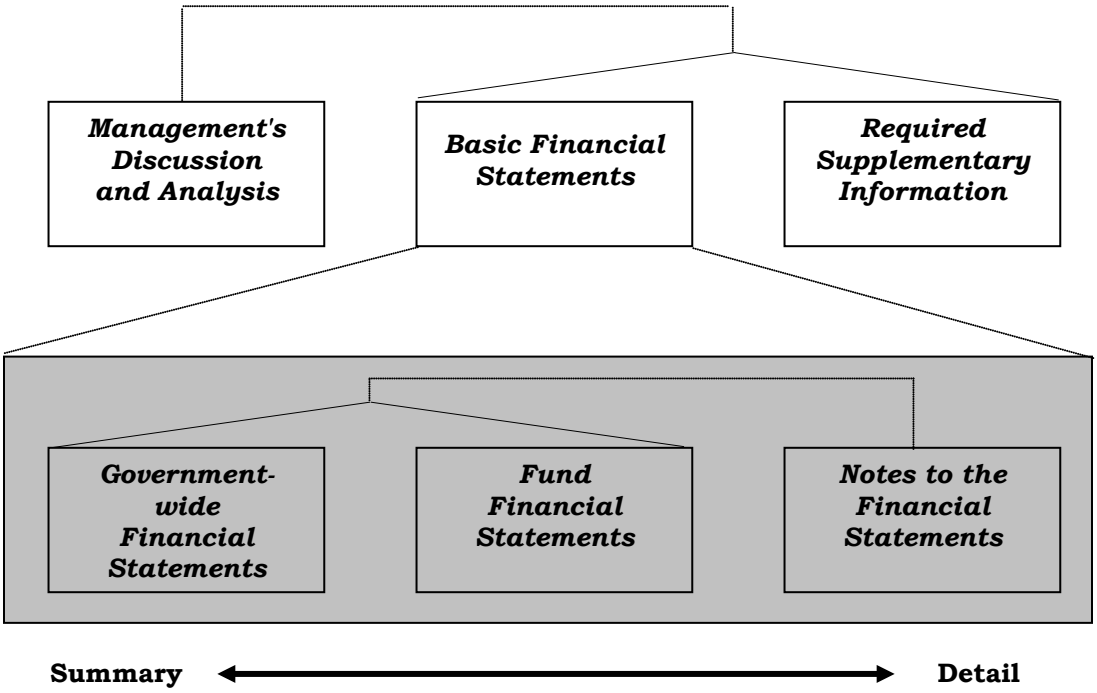

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

   The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Funds.

   The required financial statements for the governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

   The required financial statements for proprietary funds include a Statement of Net Position, Statement of Revenues, Expenditures and Changes in Fund Net Position and a Statement of Cash Flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Private-Purpose Trust Fund.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2013 compared to June 30, 2012.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	$ 8,673,157	7,956,666	34,950	51,315	8,708,107	8,007,981	8.74%
Capital assets	15,918,311	16,341,400	15,462	18,284	15,933,773	16,359,684	-2.60%
Total assets	24,591,468	24,298,066	50,412	69,599	24,641,880	24,367,665	1.13%
Long-term obligations	11,019,659	11,389,802	2,757	528	11,022,416	11,390,330	-3.23%
Other liabilities	5,492,296	5,551,130	39,134	52,037	5,531,430	5,603,167	-1.28%
Total liabilities	16,511,955	16,940,932	41,891	52,565	16,553,846	16,993,497	-2.59%
Net position:							
Invested in capital assets, net of related debt	5,162,311	5,050,400	15,462	18,284	5,177,773	5,068,684	2.15%
Restricted	1,497,151	1,327,478	-	-	1,497,151	1,327,478	12.78%
Unrestricted	1,420,051	979,256	(6,941)	(1,250)	1,413,110	978,006	44.49%
Total net position	$ 8,079,513	7,357,134	8,521	17,034	8,088,034	7,374,168	9.68%

The District's combined net position increased by 9.68% or $713,866 from the prior year. The largest portion of the District's net position is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position increased $169,673 or 12.78% from the prior year. The increase in restricted net position can be attributed in part to improvements in the Management Levy Fund and Statewide Sales, Services and Use Tax Fund balances.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirements - increased $435,104 or 44.49%. The increase was mainly due to the increase in the General Fund unassigned fund balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4 Changes in Net Position	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for services	$ 586,224	649,653	236,407	223,475	822,631	873,128	-5.78%
Operating grants and contributions and restricted interest	605,159	584,849	199,814	188,070	804,973	772,919	4.15%
Capital grants and contributions and restricted interest	10,500	-	-	-	10,500	-	100.00%
General revenues:							
Property tax	4,662,619	4,650,513	-	-	4,662,619	4,650,513	0.26%
Income surtax	372,385	308,397	-	-	372,385	308,397	20.75%
Statewide sales, services and use tax	622,330	582,002	-	-	622,330	582,002	6.93%
Unrestricted state grants	2,853,520	3,033,352	-	-	2,853,520	3,033,352	-5.93%
Nonspecific program federal revenue	-	134,851	-	-	-	134,851	-100.00%
Unrestricted investment earnings	4,445	4,349	366	144	4,811	4,493	7.08%
Other	84,178	117,057	-	478	84,178	117,535	-28.38%
Total revenues	9,801,360	10,065,023	436,587	412,167	10,237,947	10,477,190	-2.28%
Program expenses:							
Governmental activities:							
Instructional	5,226,081	5,237,582	-	-	5,226,081	5,237,582	-0.22%
Support services	2,718,486	2,519,202	3,023	1,552	2,721,509	2,520,754	7.96%
Non-instructional programs	-	-	442,077	427,459	442,077	427,459	3.42%
Other expenses	1,134,414	1,178,322	-	-	1,134,414	1,178,322	-3.73%
Total expenses	9,078,981	8,935,106	445,100	429,011	9,524,081	9,364,117	1.71%
Change in net position	722,379	1,129,917	(8,513)	(16,844)	713,866	1,113,073	-35.87%
Net position beginning of year	7,357,134	6,227,217	17,034	33,878	7,374,168	6,261,095	17.78%
Net position end of year	$ 8,079,513	7,357,134	8,521	17,034	8,088,034	7,374,168	9.68%

In fiscal 2013, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 86.83% of the revenue from governmental activities while charges for services and operating grants, contributions and restricted interest account for 99.92% of the revenue from business type activities.

The District's total revenues were approximately $10.24 million, of which approximately $9.80 million was for governmental activities and approximately $0.44 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 2.28% in revenues and a 1.71% increase in expenses.

Governmental Activities

Revenues for governmental activities were $9,801,360 and expenses were $9,078,981.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	$ 5,226,081	5,237,582	-0.22%	4,317,728	4,284,041	0.79%
Support services	2,718,486	2,519,202	7.91%	2,698,551	2,514,603	7.32%
Other expenses	1,134,414	1,178,322	-3.73%	860,819	901,960	-4.56%
Totals	$ 9,078,981	8,935,106	1.61%	7,877,098	7,700,604	2.29%

- The cost financed by users of the District's programs was $586,224.
- Federal and state governments subsidized certain programs with grants and contributions totaling $615,659.
- The net cost of governmental activities was financed with $4,662,619 in property tax, $372,385 in income surtax, $622,330 in statewide sales, services and use tax, $2,853,520 in unrestricted state grants, $4,445 in interest income and $84,178 in other revenues.

Business Type Activities

Revenues of the District's business type activities were $436,587 and expenses were $445,100. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of $2,916,142, over last year's ending fund balances of $2,170,264. The increase is primarily attributable to the increase in the General Fund balance.

Governmental Fund Highlights

- The District's General Fund balance increased from $976,374 on June 30, 2012 to $1,439,609 on June 30, 2013. Revenues in the General Fund decreased from all sources during the year. General Fund expenses also decreased, but revenues were greater than expenses producing the improvement in the District's General Fund financial position.
- The Capital Projects Accounts balance increased during the current year, from a balance of $951,284 to $1,218,006. Revenues increase from the prior year combined with a decrease in expenses resulting in the balance increasing by $266,722.
- The Debt Service Fund balance deteriorated minimally from a balance of $18,513 at June 30, 2012 to $15,068 at June 30, 2013.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from $17,034 at June 30, 2012 to $8,521 at June 30, 2013, representing a decrease of approximately 49.98%.

BUDGETARY HIGHLIGHTS

The District's revenues were $81,803 less than budgeted revenues, a variance of 0.79%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested $15,933,773, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.60% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was $568,718.

The original cost of the District's capital assets was $21,086,721. Governmental funds account for $20,940,780 with the remainder of $145,941 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. Land improvements totaled $263,679 at June 30, 2012, compared to $237,123 reported at June 30, 2013. The decrease was related to depreciation taken over the course of the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	$ 207,582	207,582	-	-	207,582	207,582	0.00%
Buildings	15,049,418	15,424,562	-	-	15,049,418	15,424,562	-2.43%
Improvements other than buildings	237,123	263,679	-	-	237,123	263,679	-10.07%
Machinery and equipment	424,188	445,577	15,462	18,284	439,650	463,861	-5.22%
Total	$ 15,918,311	16,341,400	15,462	18,284	15,933,773	16,359,684	-2.60%

Long-Term Debt

At June 30, 2013, the District had $11,022,416 in general obligation bonds payable and other long-term debt outstanding. This represents a decrease of 3.23% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding General Obligation Bonds payable of $10,756,000 at June 30, 2013.

The District had an outstanding payable of $132,958 from the termination benefits offered during the prior year at June 30, 2013.

The District had total outstanding Compensated Absences payable from the General Fund of $30,600 at June 30, 2013.

The District had a net OPEB liability of $102,858 at June 30, 2013.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30,
	2013	2012	2013	2012	2013	2012	2012-13
General obligation bonds	$ 10,756,000	11,291,000	-	-	10,756,000	11,291,000	-4.74%
Termination benefits	132,958	-	-	-	132,958	-	-100.00%
Compensated absences	30,600	36,849	-	-	30,600	36,849	-16.96%
Net OPEB liability	100,101	61,953	2,757	528	102,858	62,481	64.62%
	$ 11,019,659	11,389,802	2,757	528	11,022,416	11,390,330	-3.23%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The challenging economic environment resulted in a significant decrease to traditional General Fund revenues, forcing the District to shift funding onto property taxes and other revenue sources. To cope with these difficult conditions, the District will continue to explore all opportunities to reduce expenditures and/or increase revenues.

- On July 1, 2013, the IPERS employer contribution increase to 8.93% will increase the Panorama Community School District's employer benefit costs during fiscal 2014.

- The district continues to experience a decline in enrollment. Certified enrollment for the 2012-13 school year declined by 36.1 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sarah Young, Board Secretary/Treasurer, Panora Community School District, 701 W. Main Street, Panora, Iowa, 50216.

Panorama Community School District

Basic Financial Statements

Exhibit A

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	$ 3,255,476	27,841	3,283,317
Receivables:			
Property tax:			
Delinquent	49,721	-	49,721
Succeeding year	4,661,190	-	4,661,190
Income surtax	339,863	-	339,863
Due from other funds	11,936	-	11,936
Due from other governments	354,971	-	354,971
Inventories	-	7,109	7,109
Capital assets, net of accumulated depreciation	15,918,311	15,462	15,933,773
Total assets	24,591,468	50,412	24,641,880
Liabilities			
Due to other funds	-	11,936	11,936
Accounts payable	103,270	86	103,356
Salaries and benefits payable	652,692	23,923	676,615
Accrued interest payable	75,144	-	75,144
Deferred revenue:			
Succeeding year property tax	4,661,190	-	4,661,190
Unearned revenue	-	3,189	3,189
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	535,000	-	535,000
Termination benefits payable	66,479	-	66,479
Compensated absences payable	30,600	-	30,600
Portion due after one year:			
General obligation bonds payable	10,221,000	-	10,221,000
Termination benefits payable	66,479	-	66,479
Net OPEB liability	100,101	2,757	102,858
Total liabilities	16,511,955	41,891	16,553,846
Net Position			
Invested in capital assets, net of related debt	5,162,311	15,462	5,177,773
Restricted for:			
Categorical funding	144,111	-	144,111
Management levy	79,341	-	79,341
Student activities	55,693	-	55,693
School infrastructure	970,777	-	970,777
Physical plant and equipment levy	247,229	-	247,229
Unrestricted	1,420,051	(6,941)	1,413,110
Total net position	$ 8,079,513	8,521	8,088,034

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit B

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern-mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	$ 3,284,202	310,000	66,394	-	(2,907,808)	-	(2,907,808)
Special	818,878	30,598	40,397	-	(747,883)	-	(747,883)
Other	1,123,001	245,626	211,338	4,000	(662,037)	-	(662,037)
	5,226,081	586,224	318,129	4,000	(4,317,728)	-	(4,317,728)
Support services:							
Student	201,476	-	-	-	(201,476)	-	(201,476)
Instructional staff	416,158	-	12,685	-	(403,473)	-	(403,473)
Administration	697,543	-	-	-	(697,543)	-	(697,543)
Operation and maintenance of plant	803,945	-	-	6,500	(797,445)	-	(797,445)
Transportation	599,364	-	750	-	(598,614)	-	(598,614)
	2,718,486	-	13,435	6,500	(2,698,551)	-	(2,698,551)
Long-term debt interest	459,119	-	-	-	(459,119)	-	(459,119)
Other expenditures:							
AEA flowthrough	273,595	-	273,595	-	-	-	-
Depreciation(unallocated)*	401,700	-	-	-	(401,700)	-	(401,700)
	675,295	-	273,595	-	(401,700)	-	(401,700)
Total governmental activities	9,078,981	586,224	605,159	10,500	(7,877,098)	-	(7,877,098)
Business type activities:							
Support services:							
Operation and maintenance of plant	3,023	-	-		-	(3,023)	(3,023)
Non-instructional programs:							
Nutrition services	442,077	236,407	199,814	-	-	(5,856)	(5,856)
Total business type activities	445,100	236,407	199,814	-	-	(8,879)	(8,879)
Total	$ 9,524,081	822,631	804,973	10,500	(7,877,098)	(8,879)	(7,885,977)
General Revenues:							
Property tax levied for:							
General purposes					$ 3,625,182	-	3,625,182
Debt service					636,840	-	636,840
Capital outlay					400,597	-	400,597
Income surtax					372,385	-	372,385
Statewide sales, services and use tax					622,330	-	622,330
Unrestricted state grants					2,853,520	-	2,853,520
Unrestricted investment earnings					4,445	366	4,811
Other					84,178	-	84,178
Total general revenues					8,599,477	366	8,599,843
Change in net position					722,379	(8,513)	713,866
Net position beginning of year					7,357,134	17,034	7,374,168
Net position end of year					$ 8,079,513	8,521	8,088,034

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit C

PANORAMA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and cash equivalents	$ 2,018,854	986,051	9,037	241,534	3,255,476
Receivables:					
Property tax:					
Delinquent	38,012	3,753	6,031	1,925	49,721
Succeeding year	3,292,016	411,808	717,365	240,001	4,661,190
Income surtax	339,863	-	-	-	339,863
Due from other funds	11,936	-	-	-	11,936
Due from other governments	123,319	231,652	-	-	354,971
Total assets	$ 5,824,000	1,633,264	732,433	483,460	8,673,157
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 99,820	3,450	-	-	103,270
Salaries and benefits payable	652,692	-	-	-	652,692
Deferred revenue:					
Succeeding year property tax	3,292,016	411,808	717,365	240,001	4,661,190
Income surtax	339,863	-	-	-	339,863
Total liabilities	4,384,391	415,258	717,365	240,001	5,757,015
Fund balances:					
Restricted for:					
Categorical funding	144,111	-	-	-	144,111
Debt service	-	-	15,068	-	15,068
Management levy purposes	-	-	-	187,766	187,766
Student activities	-	-	-	55,693	55,693
School infrastructure	-	970,777	-	-	970,777
Physical plant and equipment levy	-	247,229	-	-	247,229
Unassigned	1,295,498	-	-	-	1,295,498
Total fund balances	1,439,609	1,218,006	15,068	243,459	2,916,142
Total liabilities and fund balances	$ 5,824,000	1,633,264	732,433	483,460	8,673,157

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit D

PANORAMA COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances of governmental funds(page 20)	$ 2,916,142
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	15,918,311
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	339,863
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(75,144)
Long-term liabilities, including bonds payable, compensated absences payable, termination benefits payable, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(11,019,659)
Net position of governmental activities(page 18)	$ 8,079,513

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit E

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	$ 3,797,481	1,022,927	636,840	174,755	5,632,003
Tuition	311,782	-	-	-	311,782
Other	139,626	12,709	-	249,611	401,946
State sources	3,246,437	165	265	76	3,246,943
Federal sources	183,355	-	-	-	183,355
Total revenues	7,678,681	1,035,801	637,105	424,442	9,776,029
Expenditures:					
Current:					
Instruction:					
Regular	3,056,443	107,187	-	1,584	3,165,214
Special	788,896	-	-	-	788,896
Other	858,521	-	-	254,088	1,112,609
	4,703,860	107,187	-	255,672	5,066,719
Support services:					
Student	200,978	-	-	-	200,978
Instructional staff	345,835	76,799	-	-	422,634
Administration	683,031	7,691	-	-	690,722
Operation and maintenance of plant	544,020	19,700	-	133,273	696,993
Transportation	464,127	90,675	-	16,131	570,933
	2,237,991	194,865	-	149,404	2,582,260
Capital outlay	-	109,342	-	-	109,342
Long-term debt:					
Principal	-	-	535,000	-	535,000
Interest and fiscal charges	-	-	463,235	-	463,235
	-	-	998,235	-	998,235
Other expenditures:					
AEA flowthrough	273,595	-	-	-	273,595
Total expenditures	7,215,446	411,394	998,235	405,076	9,030,151
Excess(Deficiency) of revenues over(under) expenditures	463,235	624,407	(361,130)	19,366	745,878
Other financing sources(uses):					
Transfer in	-	-	357,685	-	357,685
Transfer out	-	(357,685)	-	-	(357,685)
Total other financing sources(uses)	-	(357,685)	357,685	-	-
Change in fund balances	463,235	266,722	(3,445)	19,366	745,878
Fund balances beginning of year	976,374	951,284	18,513	224,093	2,170,264
Fund balances end of year	$ 1,439,609	1,218,006	15,068	243,459	2,916,142

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit F

PANORAMA COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Change in fund balances - total governmental funds(page 22)		$ 745,878
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlays in the current year as follows:		
Capital outlay	$ 142,807	
Depreciation expense	(565,896)	(423,089)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows:		535,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		4,116
Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		25,331
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	$ 6,249	
Termination benefits	(132,958)	
Other postemployment benefits	(38,148)	(164,857)
Change in net position of governmental activities(page 19)		$ 722,379

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit G

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	School Nutrition
Assets	
Cash and cash equivalents	$ 27,841
Inventories	7,109
Capital assets, net of accumulated depreciation	15,462
Total assets	50,412
Liabilities	
Due to other funds	11,936
Accounts payable	86
Salaries and benefits payable	23,923
Unearned revenue	3,189
Net OPEB liability	2,757
Total liabilities	41,891
Net Position	
Invested in capital assets	15,462
Unrestricted	(6,941)
Total net position	$ 8,521

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit H

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	$ 236,407
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Services	3,023
Non-instructional programs:	
Food service operations:	
Salaries	135,549
Benefits	36,874
Services	11,191
Supplies	254,178
Other	1,463
Depreciation	2,822
	442,077
Total operating expenses	445,100
Operating loss	(208,693)
Non-operating revenues:	
State sources	6,242
Federal sources	193,572
Interest income	366
Total non-operating revenues	200,180
Change in net position	(8,513)
Net position beginning of year	17,034
Net position end of year	$ 8,521

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit I

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

		School Nutrition
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	$	235,724
Cash paid to employees for services		(170,405)
Cash paid to suppliers for goods or services		(245,446)
Net cash used in operating activities		(180,127)
Cash flows from non-capital financing activities:		
Repayments to the General Fund		(12,095)
State grants received		6,242
Federal grants received		165,825
Net cash provided by non-capital financing activities		159,972
Cash flows from investing activities:		
Interest on investments		366
Net decrease in cash and cash equivalents		(19,789)
Cash and cash equivalents at beginning of year		47,630
Cash and cash equivalents at end of year	$	27,841
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(208,693)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed		27,747
Depreciation		2,822
Increase in inventories		(3,424)
Increase in accounts payable		86
Decrease in salaries and benefits payable		(211)
Decrease in unearned revenue		(683)
Increase in other postemployment benefits		2,229
Net cash used in operating activities	$	(180,127)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2013, the District received $27,747 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit J

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2013

	Private Purpose Trust
Assets	
Cash and pooled investments	$ 146,457
Liabilities	-
Net Position	
Restricted for scholarships	$ 146,457

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit K

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2013

	Private Purpose Trust
Additions:	
Interest	$ 762
Deductions:	-
Change in net position	762
Net position beginning of year	145,695
Net position end of year	$ 146,457

SEE NOTES TO FINANCIAL STATEMENTS.

(1) Summary of Significant Accounting Policies

The Panorama Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the district either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Panora, Iowa, and the predominate agricultural territory in Guthrie, Dallas and Greene Counties. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Panorama Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Guthrie, Dallas and Greene County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund is as follows:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

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

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

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

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

Asset Class	Amount
Land	$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Intangibles	5-15 years
Machinery and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Position in the Proprietary Funds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide 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 or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

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

Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

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

Unassigned - All amounts not included in the preceding classification.

Restricted Net Position - In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2013 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of $174 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	School Nutrition	$ 11,936

The Enterprise, School Nutrition Fund is repaying the General Fund for salaries and benefits paid at year end.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	$ 357,685

The Capital Projects: Statewide Sales, Services and Use Tax Fund transfer to the Debt Service Fund was for principal and interest payments on the District's general obligation bond indebtedness.

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 207,582	-	-	207,582
Capital assets being depreciated:				
Buildings	18,237,657	-	-	18,237,657
Land improvements	713,597	-	-	713,597
Machinery and equipment	1,639,137	142,807	-	1,781,944
Total capital assets being depreciated	20,590,391	142,807	-	20,733,198
Less accumulated depreciation for:				
Buildings	2,813,095	375,144	-	3,188,239
Land improvements	449,918	26,556	-	476,474
Machinery and equipment	1,193,560	164,196	-	1,357,756
Total accumulated depreciation	4,456,573	565,896	-	5,022,469
Total capital assets being depreciated, net	16,133,818	(423,089)	-	15,710,729
Governmental activities capital assets, net	$ 16,341,400	(423,089)	-	15,918,311
Business type activities:				
Machinery and equipment	$ 145,941	-	-	145,941
Less accumulated depreciation	127,657	2,822	-	130,479
Business type activities capital assets, net	$ 18,284	(2,822)	-	15,462

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 17,688
Support services:	
Instructional staff	21,983
Administration	3,560
Operation and maintenance of plant	6,444
Transportation	114,521
	164,196
Unallocated depreciation	401,700
Total governmental activities depreciation expense	$ 565,896
Business type activities:	
Food services	$ 2,822

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 11,291,000	-	535,000	10,756,000	535,000
Termination Benefits	-	132,958	-	132,958	66,479
Compensated Absences	36,849	30,600	36,849	30,600	30,600
Net OPEB Liability	61,953	38,148	-	100,101	-
Total	$ 11,389,802	201,706	571,849	11,019,659	632,079
Business type activities:					
Net OPEB liabilities	$ 528	2,229		2,757	-

General Obligation Bonds

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year	Bond Issue December 1, 2007			Bond Issue June 1, 2008			Bond Issue March 8, 2012			Total		
Ended June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2014	3.65 %	$ 85,000	10,132	5.00 %	$ -	427,963	1.10 %	$ 450,000	12,771	$ 535,000	450,866	985,866
2015	3.70	90,000	7,030	5.00	-	427,963	1.10	465,000	7,821	555,000	442,814	997,814
2016	3.70	100,000	3,700	5.00	205,000	427,963	1.10	246,000	2,706	551,000	434,369	985,369
2017	-	-	-	5.00	595,000	417,712	-	-	-	595,000	417,712	1,012,712
2018	-	-	-	5.00	620,000	387,962	-	-	-	620,000	387,962	1,007,962
2019-2023	-	-	-	5.00-4.25	3,535,000	1,446,311	-	-	-	3,535,000	1,446,311	4,981,311
2024-2028	-	-	-	4.25-4.30	4,365,000	574,850	-	-	-	4,365,000	574,850	4,939,850
Total		$ 275,000	20,862		$ 9,320,000	4,110,724		$ 1,161,000	23,298	$ 10,756,000	4,154,884	14,910,884

Termination Benefits

In June of 2012, the District approved a voluntary early retirement plan for employees. Eligible employees must have been a professionally certificated employee and have completed ten years of continuous years of full time or at least half time service to the District. Employees must have reached a minimum age of 55 on or before the June 30 in the calendar year of retirement. The application for early retirement was subject to approval by the Board of Education.

Employees that have been granted early retirement benefits receive a stipend that is equal to 40% of the employee's regular contractual salary from the salary schedule in effect during the employee's last year of employment. Employees may elect to continue participation in the District's group health insurance plan until eligible for Medicare benefits whether or not the employee actually applies for Medicare benefits.

Professional certificated employees eligible for the retirement incentive who are also designated by the Iowa Department of Education to be in a teacher shortage area, were eligible to apply to the Board of Education for an incentive to delay retirement.

At June 30, 2013, the District has obligations to six participants with a total liability of $132,958.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were $390,716, $365,955 and $307,470 respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 60 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$	47,912
Interest on net OPEB obligation		1,562
Adjustment to annual required contribution		(4,202)
Annual OPEB cost		45,272
Contributions made		(4,895)
Increase in net OPEB obligation		40,377
Net OPEB obligation beginning of year		62,481
Net OPEB obligation end of year	$	102,858

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2013, the District contributed $4,895 to the medical plan. Plan members eligible for benefits contributed $0 or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 55,171	63.44%	$ 45,171
2012	55,310	68.70%	62,481
2013	45,272	10.81%	102,858

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was $265,134, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $265,134. The covered payroll (annual payroll of active employees covered by the plan) was $2,752,648 and the ratio of the UAAL to covered payroll was 9.63%. As of June 30, 2013, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members to 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 designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.50% discount rate based on the District's funding policy. The ultimate health cost trend rate is 6%.

Projected claim costs of the medical plan are $523 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, life, accidental death and dismemberment and long-term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2013 were $589,287.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $273,595 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Deficit Unrestricted Net Position

The District had a deficit unrestricted net position of $6,941in the Enterprise, School Nutrition Fund at June 30, 2013.

(12) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Program		Amount
Limited English Proficient	$	1,271
Gifted and Talented Programs		55,603
Teacher Salary Supplement		496
Four-year-old Preschool State Aid		86,741
Total	$	144,111

(13) Detailed Reconciliation of Governmental Fund Balances to Net Position

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

	Invested in Capital Assets	Debt Service	Management Levy	Unassigned/ Restricted Balances
Fund Balance (Exhibit C)	$ -	15,068	187,766	1,295,498
Capital assets	15,918,311	-	-	-
General obligation bond proceeds expended for capital assets	(10,756,000)	-	-	-
Total termination benefits payable	-	-	(108,425)	(24,533)
Net OPEB liability	-	-	-	(100,101)
Compensated absences	-	-	-	(30,600)
Income surtax	-	-	-	339,863
Accrued interest payable	-	(15,068)	-	(60,076)
Net position	$ 5,162,311	-	79,341	1,420,051

Panorama Community School District

Required Supplementary Information

PANORAMA COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues:						
Local sources	$ 6,345,731	236,773	6,582,504	6,674,961	6,674,961	(92,457)
State sources	3,246,943	6,242	3,253,185	3,267,458	3,267,458	(14,273)
Federal sources	183,355	193,572	376,927	352,000	352,000	24,927
Total revenues	9,776,029	436,587	10,212,616	10,294,419	10,294,419	(81,803)
Expenditures/expenses:						
Instruction	5,066,719	-	5,066,719	5,544,960	5,544,960	478,241
Support services	2,582,260	3,023	2,585,283	2,762,734	2,762,734	177,451
Non-instructional programs	-	442,077	442,077	445,000	445,000	2,923
Other expenditures	1,381,172	-	1,381,172	1,636,095	1,636,095	254,923
Total expenditures/expenses	9,030,151	445,100	9,475,251	10,388,789	10,388,789	913,538
Excess(Deficiency) of revenues over(under) expenditures/expenses	745,878	(8,513)	737,365	(94,370)	(94,370)	831,735
Balances beginning of year	2,170,264	17,034	2,187,298	1,756,485	1,756,485	430,813
Balances end of year	$ 2,916,142	8,521	2,924,663	1,662,115	1,662,115	1,262,548

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	$498,000	498,000	0.0%	$3,666,062	13.58%
2011	July 1, 2009	-	$498,000	498,000	0.0%	$2,398,371	20.76%
2012	July 1, 2009	-	$498,000	498,000	0.0%	$2,597,619	19.20%
2013	July 1, 2012	-	$265,134	265,134	0.0%	$2,752,648	9.63%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Supplementary Information

Schedule 1

PANORAMA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue		
	Student Activity	Manage-ment Levy	Total
Assets			
Cash and pooled investments	$ 55,693	185,841	241,534
Receivables:			
Property tax:			
Delinquent	-	1,925	1,925
Succeeding year	-	240,001	240,001
Total assets	$ 55,693	427,767	483,460
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	$ -	240,001	240,001
Fund balances:			
Restricted for:			
Student activities	55,693	-	55,693
Management levy purposes	-	187,766	187,766
Total fund balances	55,693	187,766	243,459
Total liabilities and fund balances	$ 55,693	427,767	483,460

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 2

PANORAMA COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue		
	Student Activity	Management Levy	Total
Revenues:			
Local sources:			
Local tax	$ -	174,755	174,755
Other	245,651	3,960	249,611
State sources	-	76	76
Total revenues	245,651	178,791	424,442
Expenditures:			
Current:			
Instruction:			
Regular	-	1,584	1,584
Other	254,088	-	254,088
Support services:			
Operation and maintenance of plant	-	133,273	133,273
Transportation	-	16,131	16,131
Total expenditures	254,088	150,988	405,076
Change in fund balances	(8,437)	27,803	19,366
Fund balances beginning of year	64,130	159,963	224,093
Fund balances end of year	$ 55,693	187,766	243,459

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 3

PANORAMA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	$ 739,125	246,926	986,051
Receivables:			
Property tax:			
Delinquent	-	3,753	3,753
Succeeding year	-	411,808	411,808
Due from other governments	231,652	-	231,652
Total assets	$ 970,777	662,487	1,633,264
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	3,450	3,450
Deferred revenue:			
Suceeding year property tax	-	411,808	411,808
Total liabilities	-	415,258	415,258
Fund Balances:			
Restricted for:			
School infrastructure	970,777	-	970,777
Physical plant and equipment	-	247,229	247,229
Total fund balances	970,777	247,229	1,218,006
Total liabilities and fund balances	$ 970,777	662,487	1,633,264

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 4

PANORAMA COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS
YEAR ENDED JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	$ 622,330	400,597	1,022,927
Other	-	12,709	12,709
State sources	-	165	165
Total revenues	622,330	413,471	1,035,801
Expenditures:			
Instruction:			
Regular	-	107,187	107,187
Support services:			
Instructional staff	-	76,799	76,799
Administration	-	7,691	7,691
Operation and maintenance of plant	-	19,700	19,700
Transportation	-	90,675	90,675
Capital outlay	-	109,342	109,342
Total expenditures	-	411,394	411,394
Excess of revenues over expenditures	622,330	2,077	624,407
Other financing uses:			
Transfer out	(357,685)	-	(357,685)
Change in fund balances	264,645	2,077	266,722
Fund balaces beginning year	706,132	245,152	951,284
Fund balances end of year	$ 970,777	247,229	1,218,006

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 5

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2013

Account		Balance Beginning of Year	Revenues	Expendi-tures	Intra-Fund Transfers	Balance End of Year
Drama	$	577	1,727	1,140	230	1,394
Dare		397	25	205	-	217
Speech		510	1,023	2,380	1,770	923
Volleyball		768	5,638	6,390	-	16
Track		11	6,507	10,546	4,055	27
Cross country		1,132	5,531	6,154	-	509
Golf		148	5,417	6,226	700	39
Girls basketball		131	3,700	3,973	145	3
Boys basketball		1,065	5,445	6,238	500	772
Football		10	21,098	26,177	5,085	16
Baseball & softball		402	11,380	13,095	2,050	737
Wrestling		167	8,989	10,842	1,710	24
Athletics		567	42,232	43,246	450	3
Officials		-	19,400	22,196	4,100	1,304
Tag		800	-	-	-	800
Student council		1,157	2,624	2,101	1,000	2,680
MS student council		1,702	2,546	1,071	(1,200)	1,977
National honor society		1,695	-	1,649	-	46
FCCLA		521	1,009	1,222	60	368
O-M		195	-	135	-	60
FFA		1,150	31,168	29,112	-	3,206
Panther greenhouse		615	-	-	-	615
Panther productions		241	-	118	-	123
Science		3,081	-	-	-	3,081
Art club		777	127	-	-	904
Music club		15,170	18,724	18,110	(60)	15,724
Annual		1,341	9,480	7,689	-	3,132
Drill team		2,170	3,443	3,995	-	1,618
Cheerleaders		197	2,807	1,197	-	1,807
Technology		610	4,996	5,134	-	472
Panthers for prevention		695	-	-	-	695
Class of 2012		18	-	-	(18)	-
Class of 2013		2,124	7,106	8,739	-	491
Class of 2014		93	11,310	5,369	-	6,034
Class of 2015		-	-	150	200	50
Elementary		4,874	-	549	(4,325)	-
General		19,019	12,199	8,940	(16,452)	5,826
Total	$	64,130	245,651	254,088	-	55,693

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 6

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN YEARS

	Modified Accrual Basis										
	Years Ended June 30,										
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:											
Local sources:											
Local tax	$	5,632,003	5,572,369	5,246,317	4,484,777	4,299,238	4,104,444	3,925,911	3,227,265	2,819,659	2,914,410
Tuition		311,782	315,380	382,307	299,310	242,810	247,834	192,374	207,560	138,240	133,219
Other		401,946	472,313	774,441	702,039	647,675	426,889	441,007	336,040	329,364	296,759
State sources		3,246,943	3,423,812	3,273,908	2,960,470	3,467,975	3,282,311	3,174,607	3,040,431	2,718,012	2,459,527
Federal sources		183,355	312,606	381,705	657,685	270,123	203,754	632,518	227,920	237,361	241,449
Total	$	9,776,029	10,096,480	10,058,678	9,104,281	8,927,821	8,265,232	8,366,417	7,039,216	6,242,636	6,045,364
Expenditures:											
Current:											
Instruction:											
Regular	$	3,165,214	3,234,296	3,264,823	3,953,804	3,618,425	3,171,516	3,156,083	2,927,869	2,615,038	2,464,993
Special		788,896	709,779	710,690	864,790	859,150	737,691	725,689	650,137	721,446	668,486
Other		1,112,609	1,199,094	1,127,251	645,318	859,248	827,814	730,338	694,011	489,614	495,735
Support services:											
Student		200,978	127,392	178,467	138,548	161,188	155,203	143,624	149,757	132,387	112,572
Instructional staff		422,634	409,375	313,037	257,493	234,925	251,045	194,186	175,573	160,567	152,946
Administration		690,722	699,762	644,362	746,704	716,889	691,361	649,260	566,893	494,065	460,704
Operation and maintenance of plant		696,993	690,082	698,061	620,151	578,408	588,541	559,253	515,332	424,253	556,604
Transportation		570,933	566,977	636,413	596,073	640,380	807,995	448,724	506,324	381,046	351,189
Non-instructional programs		-	-	-	-	-	38,960	17,891	15,771	14,686	-
Capital outlay		109,342	351,631	4,149,241	5,349,755	759,352	1,531,655	260,849	100,534	95,157	344,813
Long-term debt:											
Principal		535,000	490,000	482,608	472,612	457,612	370,000	365,000	270,000	255,000	240,000
Interest		463,235	515,030	530,674	545,090	533,124	111,705	119,005	328,156	344,742	384,697
Other expenditures:											
AEA flow-through		273,595	276,362	304,077	303,043	268,002	245,109	240,115	224,732	203,470	200,632
Total	$	9,030,151	9,269,780	13,039,704	14,493,381	9,686,703	9,528,595	7,610,017	7,125,089	6,331,471	6,433,371

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

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

To the Board of Education of the
Panorama Community School District:

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Panorama Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2014.

Internal Control Over Financial Reporting

In planning and performing out audit, we considered Panorama Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panorama Community School district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Panorama Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and another deficiency we consider to be significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatement 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 a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings and Questioned Costs as item I-A-13 to be material weakness.

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. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-13 to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Panorama Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Panorama Community School District's Responses to Findings

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

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 result 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Panorama Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

January 29, 2014
Newton, Iowa

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-13 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. In certain instances, one individual has control over data processing in general, receipt posting, investing, disbursement journalizing, payroll preparation and bank reconciling.

1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.

2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.

3) Disbursements - purchase order processing, check preparation, mailing and recording.

4) Inventories - ordering, receiving, issuing and storing.

5) Wire transfers - processing and approving.

6) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.

7) Transfers - preparing and approving.

8) Financial reporting - preparing, reconciling and approving.

9) Computer systems - performing all general accounting functions and controlling all data input and output.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The district has implemented many procedures in the past two years in order to segregate duties with the limited staff available. We will continue to analyze current office procedures in order to segregate duties between staff members to the best of our ability with the staff available.

Conclusion - Response accepted.

I-B-13 Checks Written as Bearer Paper - We noted during our audit the District writing a check to the bank for cash for the senior trip.

Recommendation - Checks made out to the bank alone are considered to be bearer paper, and in the event the check is lost or stolen could be cashed by anyone. In the future the District should write the check to both the bank as well as the custodian/sponsor.

Response - This has been communicated to our secretaries who handle Accounts Payable. In the future, check will be made out to both the bank and to the activity sponsor.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - During the year ended June 30, 2013, expenditures did not exceed the amended certified budget amounts in any of the functional areas.

II-B-13 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-13 Business Transactions - Business transactions between the District and District officials are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Scott Calmer, Bus Driver Owns Scott's Outdoor Supply	Supplies/services	$33,242
Greg Randel, Transporations director Cousin of Rand Randel	Services	$1,318

In accordance with Attorney General's Opinion dated July 2, 1990, the above transactions with the employee of the District do not appear to represent a conflict of interest.

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the relatives of District employees do not appear to represent a conflict of interest.

II-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-13 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-13 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-J-13 Certified Annual Report - The Certified Annual Report was certified timely with the Department of Education and we noted no significant deficiencies in the amounts reported.

II-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-13 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance	$ 706,132
Revenues:	
Sales tax revenues	622,330
	1,328,462
Expenditures/transfer out:	
Transfer to other funds:	
Debt service fund	357,685
Ending Balance	$ 970,777

For the year ended June 30, 2013, the District reduced the following levy as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per $1000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	$ 0.89781	$ 357,685

II-M-13 Financial Condition - We noted during our audit that the School Nutrition Fund had deficit unrestricted net position of $6,941 at June 30, 2013.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate the deficit.

Response - The district has been closely monitoring the financial condition of the nutrition fund. Meetings have been held with the Food Service Director to analyze the finances of the nutrition fund and to discuss ways to reduce expenditures and increase revenues. The district also brought in an outside consultant to review current procedures and to provide recommendations on how to better manage the finances.

Conclusion - Response accepted.

II-N-13 Interfund Loans - We noted during our audit that the District has interfund loans on the balance sheets that have not been subsequently repaid. As of June 30, 2013, the Enterprise, School Nutrition Fund owes the General Fund $11,936.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2008, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue anticipatory warrants to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should issue anticipatory warrants to repay the interfund loans to be in compliance with the Department of Education declaratory order and Iowa Code Chapter 74.

Response - The district will issue anticipatory warrants to repay any of the remaining interfund loan that is left at the end of fiscal year 2014.

Conclusion - Response accepted.