

PANORAMA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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Panorama Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
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
(After September 2013 Election)		
Bryice Wilke	President	2015
Tom Arganbright	Vice President	2015
Deb Douglass	Board Member	2017
Greg Irving	Board Member	2017
Jon Stetzel	Board Member	2017
School Officials		
Kathryn Elliot	Superintendent	2014
Sarah Sheeder	Board Secretary/ Treasurer	2014
Ahlers and Cooney, P.C.	Attorney	2014

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, 2014, 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, 2014, 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 inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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 five years ended June 30, 2013 (which are not presented herein) and expressed unmodified 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 four 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 underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 December 17, 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, P.C.

December 17, 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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,678,681 in fiscal 2013 to \$7,844,501 in fiscal 2014, while General Fund expenditures increased from \$7,215,446 in fiscal 2013 to \$7,361,632 in fiscal 2014. This resulted in an increase in the District's General Fund balance from \$1,439,609 in fiscal 2013 to \$1,922,478 in fiscal 2014, a 33.54% increase from the prior year.
- The increase in General Fund revenues was mainly attributable to an increase in state sources revenues in fiscal 2014. The increase in expenditures was due primarily to increased instructional spending during the year.
- The District received \$661,514 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.

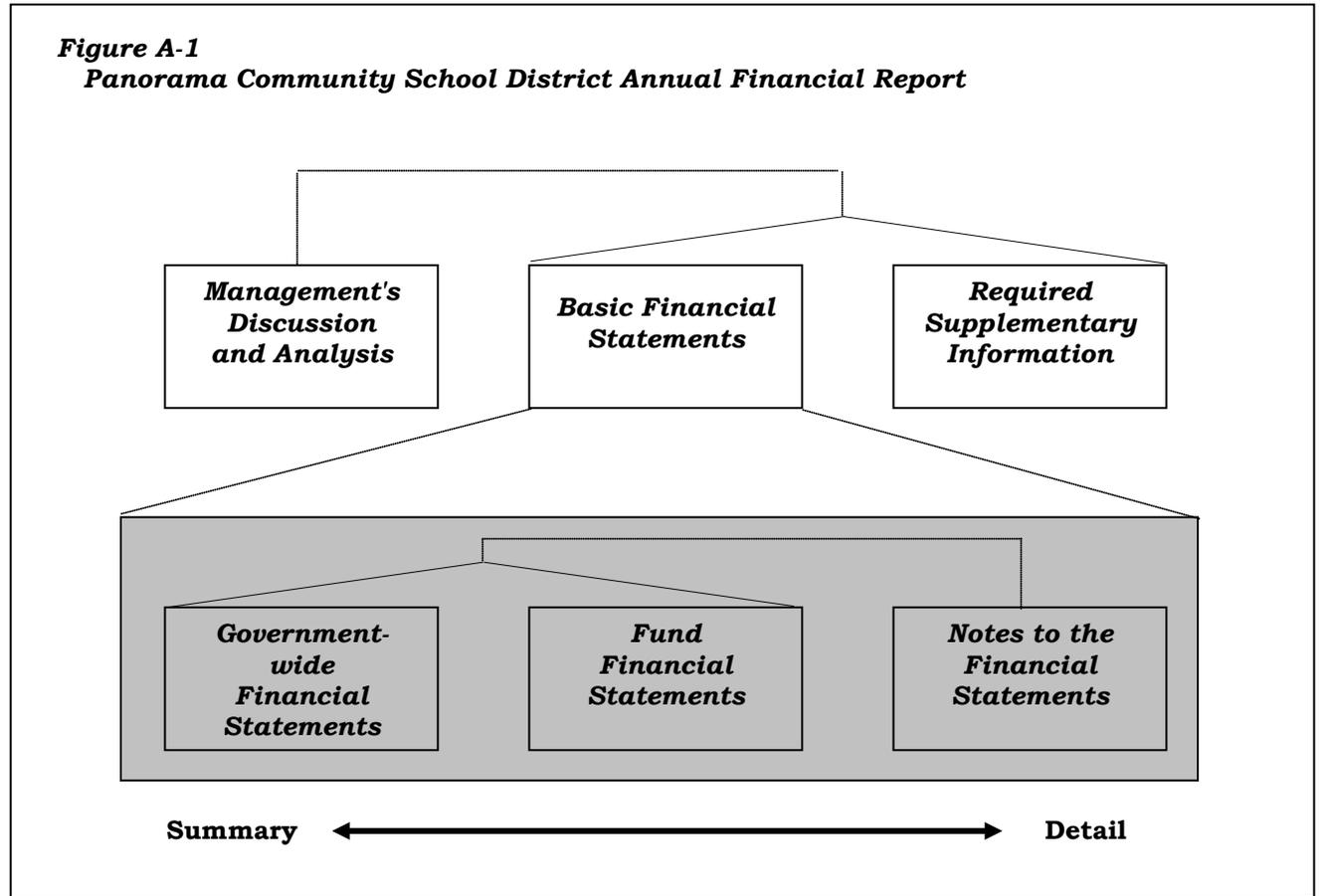


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. 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 is one way to measure the District's financial health or financial 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 governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 9,397,295	8,673,157	84,504	34,950	9,481,799	8,708,107	8.88%
Capital assets	15,593,032	15,918,311	36,428	15,462	15,629,460	15,933,773	-1.91%
Total assets	<u>24,990,327</u>	<u>24,591,468</u>	<u>120,932</u>	<u>50,412</u>	<u>25,111,259</u>	<u>24,641,880</u>	<u>1.90%</u>
Long-term obligations	10,501,571	11,019,659	3,865	2,757	10,505,436	11,022,416	-4.69%
Other liabilities	906,231	831,106	59,946	39,134	966,177	870,240	11.02%
Total liabilities	<u>11,407,802</u>	<u>11,850,765</u>	<u>63,811</u>	<u>41,891</u>	<u>11,471,613</u>	<u>11,892,656</u>	<u>-3.54%</u>
Deferred inflows of resources	4,552,603	4,661,190	-	-	4,552,603	4,661,190	-2.33%
Net position:							
Invested in capital assets, net of related debt	5,372,032	5,162,311	36,428	15,462	5,408,460	5,177,773	4.46%
Restricted	1,752,935	1,497,151	-	-	1,752,935	1,497,151	17.08%
Unrestricted	1,904,955	1,420,051	20,693	(6,941)	1,925,648	1,413,110	36.27%
Total net position	<u>\$ 9,029,922</u>	<u>8,079,513</u>	<u>57,121</u>	<u>8,521</u>	<u>9,087,043</u>	<u>8,088,034</u>	<u>12.35%</u>

The District's combined net position increased by 12.35% or \$999,009 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 \$255,784 or 17.08% from the prior year. The increase in restricted net position can be attributed in part to improvements in the Capital Projects: Statewide Sales, Services and Use Tax Fund balance.

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 \$512,538 or 36.27%. 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, 2014 compared to the year ended June 30, 2013.

	Figure A-4							
	Changes in Net Position							
	Governmental		Business Type		Total		Total	
	Activities		Activities		District		Change	
June 30,		June 30,		June 30,		June 30,		
2014		2013		2014		2013		2013-14
Revenues:								
Program revenues:								
Charges for services	\$ 694,971	586,224	230,743	236,407	925,714	822,631		12.53%
Operating grants and contributions and restricted interest	560,219	605,159	228,493	199,814	788,712	804,973		-2.02%
Capital grants and contributions and restricted interest	-	10,500	-	-	-	10,500		100.00%
General revenues:								
Property tax	4,676,117	4,662,619	-	-	4,676,117	4,662,619		0.29%
Income surtax	371,408	372,385	-	-	371,408	372,385		-0.26%
Statewide sales, services and use tax	661,514	622,330	-	-	661,514	622,330		6.30%
Unrestricted state grants	3,126,599	2,853,520	-	-	3,126,599	2,853,520		9.57%
Unrestricted investment earnings	5,440	4,445	88	366	5,528	4,811		14.90%
Other	83,283	84,178	3,274	-	86,557	84,178		2.83%
Total revenues	10,179,551	9,801,360	462,598	436,587	10,642,149	10,237,947		3.95%
Program expenses:								
Governmental activities:								
Instructional	5,267,275	5,226,081	-	-	5,267,275	5,226,081		0.79%
Support services	2,789,411	2,718,486	5,173	3,023	2,794,584	2,721,509		2.69%
Non-instructional programs	-	-	434,775	442,077	434,775	442,077		-1.65%
Other expenses	1,146,506	1,134,414	-	-	1,146,506	1,134,414		1.07%
Total expenses	9,203,192	9,078,981	439,948	445,100	9,643,140	9,524,081		1.25%
Excess(Deficiency) of revenues over(under) expenditures	976,359	722,379	22,650	(8,513)	999,009	713,866		39.94%
Transfers	(25,950)	-	25,950	-	-	-		0.00%
Change in net position	950,409	722,379	48,600	(8,513)	999,009	713,866		39.94%
Net position beginning of year	8,079,513	7,357,134	8,521	17,034	8,088,034	7,374,168		9.68%
Net position end of year	\$ 9,029,922	8,079,513	57,121	8,521	9,087,043	8,088,034		12.35%

In fiscal 2014, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 86.79% of the revenue from governmental activities while charges for services and operating grants, contributions and restricted interest account for 99.27% of the revenue from business type activities.

The District's total revenues were approximately \$10.64 million, of which approximately \$10.18 million was for governmental activities and approximately \$0.46 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 3.95% in revenues and a 1.25% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$10,179,551 and expenses were \$9,203,192.

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

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 5,267,275	5,226,081	0.79%	4,297,297	4,317,728	-0.47%
Support services	2,789,411	2,718,486	2.61%	2,788,531	2,698,551	3.33%
Other expenses	1,146,506	1,134,414	1.07%	862,174	860,819	0.16%
Totals	\$ 9,203,192	9,078,981	1.37%	7,948,002	7,877,098	0.90%

- The cost financed by users of the District's programs was \$694,971.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$560,219.
- The net cost of governmental activities was financed with \$4,676,117 in property tax, \$371,408 in income surtax, \$661,514 in statewide sales, services and use tax, \$3,126,599 in unrestricted state grants, \$5,440 in interest income and \$83,283 in other revenues.

Business Type Activities

Revenues of the District's business type activities were \$462,598 and expenses were \$439,948. 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 \$3,664,836, over last year's ending fund balances of \$2,916,142. The increase is primarily attributable to the increase in the General Fund balance.

Governmental Fund Highlights

- The District's General Fund balance increased from \$1,439,609 on June 30, 2013 to \$1,922,478 on June 30, 2014. Despite an increase in total expenditures over the prior year, the financial position of the General Fund increased as a result of an increase in local source tuition and state source revenues.
- The Capital Projects Fund balance increased during the current year, from a balance of \$1,218,006 to \$1,485,396. Revenues increase from the prior year combined with a decrease in expenses resulting in the balance increasing by \$267,390.
- The Debt Service Fund balance decreased from a balance of \$15,068 at June 30, 2013 to \$12,975 at June 30, 2014.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$8,521 at June 30, 2013 to \$57,121 at June 30, 2014, representing an increase of approximately 570.36%. This increase can be attributed to an increase in federal commodities received over the prior year, and capital contributions received from Capital Projects: Property, Plant and Equipment for lunchroom tables.

BUDGETARY HIGHLIGHTS

The District's revenues were \$24,873 more than budgeted revenues, a variance of 0.23%. The most significant variance resulted from the District receiving more from state 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, 2014, the District had invested \$15,629,460, 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 1.91% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$573,975.

The original cost of the District's capital assets was \$21,356,383. Governmental funds account for \$21,184,492 with the remainder of \$171,891 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. Machinery and equipment totaled \$439,650 at June 30, 2013, compared to \$357,480 reported at June 30, 2014. The decrease was related to depreciation taken over the course of the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 207,582	207,582	-	-	207,582	207,582	0.00%
Buildings	14,837,393	15,049,418	-	-	14,837,393	15,049,418	-1.41%
Improvements other than buildings	227,005	237,123	-	-	227,005	237,123	-4.27%
Machinery and equipment	321,052	424,188	36,428	15,462	357,480	439,650	-18.69%
Total	\$ 15,593,032	15,918,311	36,428	15,462	15,629,460	15,933,773	-1.91%

Long-Term Debt

At June 30, 2014, the District had \$10,505,436 in general obligation bonds payable and other long-term debt outstanding. This represents a decrease of 4.69% 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 \$10,221,000 at June 30, 2014.

The District had an outstanding termination benefits payable of \$110,451 at June 30, 2014.

The District had total outstanding Compensated Absences payable from the General Fund of \$29,787 at June 30, 2014.

The District had a net OPEB liability of \$144,198 at June 30, 2014.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
General obligation bonds	\$ 10,221,000	10,756,000	-	-	10,221,000	10,756,000	-4.97%
Termination benefits	110,451	132,958	-	-	110,451	132,958	-16.93%
Compensated absences	29,787	30,600	-	-	29,787	30,600	-2.66%
Net OPEB liability	140,333	100,101	3,865	2,757	144,198	102,858	40.19%
	<u>\$ 10,501,571</u>	<u>11,019,659</u>	<u>3,865</u>	<u>2,757</u>	<u>10,505,436</u>	<u>11,022,416</u>	<u>-4.69%</u>

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:

- Although the district's enrollment increased by 14.5 students in the 2013-14 school year, the district anticipates that the enrollment may decline in future years. This will have a negative impact to the General Fund.
- The district plans to use Local Option Sales Tax (SAVE) funds during the 2014-15 school year to renovate the secondary school locker rooms as well as renovating the entire athletic complex, which will include a new 8-lane track and synthetic turf football field.
- Continued concerns in the economy and discussion at the state level regarding allowable growth will continue play an important factor in meeting the needs of our district. Although the District has a healthy unspent balance and cash reserve, these funds could quickly be depleted.
- The district was approved to participate in the Teacher Leadership Compensation program which will result in more General Fund revenues in the 2014-15 school year.

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 Sheeder, Board Secretary/Treasurer, Panora Community School District, 701 W. Main Street, Panora, Iowa, 50216.

Panorama Community School District

Basic Financial Statements

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents, and pooled investments	\$ 4,001,579	77,395	4,078,974
Receivables:			
Property tax:			
Delinquent	51,305	-	51,305
Succeeding year	4,552,603	-	4,552,603
Income surtax	347,427	-	347,427
Accounts	1,030	-	1,030
Due from other funds	35,859	-	35,859
Due from other governments	407,492	-	407,492
Inventories	-	7,109	7,109
Capital assets, net of accumulated depreciation	15,593,032	36,428	15,629,460
Total assets	24,990,327	120,932	25,111,259
Liabilities			
Due to other funds	-	35,859	35,859
Accounts payable	121,551	1,226	122,777
Salaries and benefits payable	708,100	20,415	728,515
Advances from grantors	2,778	-	2,778
Accrued interest payable	73,802	-	73,802
Unearned revenue	-	2,446	2,446
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	555,000	-	555,000
Termination benefits payable	88,465	-	88,465
Compensated absences payable	29,787	-	29,787
Portion due after one year:			
General obligation bonds payable	9,666,000	-	9,666,000
Termination benefits payable	21,986	-	21,986
Net OPEB liability	140,333	3,865	144,198
Total liabilities	11,407,802	63,811	11,471,613
Deferred Inflows of Resources			
Unavailable property tax revenue	4,552,603	-	4,552,603
Net Position			
Net investment in capital assets	5,372,032	36,428	5,408,460
Restricted for:			
Categorical funding	121,737	-	121,737
Management levy	107,801	-	107,801
Student activities	38,001	-	38,001
School infrastructure	1,314,716	-	1,314,716
Physical plant and equipment levy	170,680	-	170,680
Unrestricted	1,904,955	20,693	1,925,648
Total net position	\$ 9,029,922	57,121	9,087,043

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular instruction	\$ 3,171,413	367,278	46,344	(2,757,791)	-	(2,757,791)
Special instruction	880,544	37,005	34,740	(808,799)	-	(808,799)
Other instruction	1,215,318	290,688	193,923	(730,707)	-	(730,707)
	<u>5,267,275</u>	<u>694,971</u>	<u>275,007</u>	<u>(4,297,297)</u>	<u>-</u>	<u>(4,297,297)</u>
Support services:						
Student	213,726	-	-	(213,726)	-	(213,726)
Instructional staff	527,871	-	-	(527,871)	-	(527,871)
Administration	766,924	-	-	(766,924)	-	(766,924)
Operation and maintenance of plant	700,041	-	-	(700,041)	-	(700,041)
Transportation	580,849	-	880	(579,969)	-	(579,969)
	<u>2,789,411</u>	<u>-</u>	<u>880</u>	<u>(2,788,531)</u>	<u>-</u>	<u>(2,788,531)</u>
Other expenditures:						
Long-term debt interest	451,024	-	-	(451,024)	-	(451,024)
AEA flowthrough	284,332	-	284,332	-	-	-
Depreciation(unallocated)*	411,150	-	-	(411,150)	-	(411,150)
	<u>1,146,506</u>	<u>-</u>	<u>284,332</u>	<u>(862,174)</u>	<u>-</u>	<u>(862,174)</u>
Total governmental activities	<u>9,203,192</u>	<u>694,971</u>	<u>560,219</u>	<u>(7,948,002)</u>	<u>-</u>	<u>(7,948,002)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	5,173	-	-	-	(5,173)	(5,173)
Non-instructional programs:						
Food service operations	434,775	230,743	228,493	-	24,461	24,461
Total business type activities	<u>439,948</u>	<u>230,743</u>	<u>228,493</u>	<u>-</u>	<u>19,288</u>	<u>19,288</u>
Total	<u>\$ 9,643,140</u>	<u>925,714</u>	<u>788,712</u>	<u>(7,948,002)</u>	<u>19,288</u>	<u>(7,928,714)</u>
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 3,550,674	-	3,550,674
Debt service				714,996	-	714,996
Capital outlay				410,447	-	410,447
Income surtax				371,408	-	371,408
Statewide sales, services and use tax				661,514	-	661,514
Unrestricted state grants				3,126,599	-	3,126,599
Unrestricted investment earnings				5,440	88	5,528
Other				83,283	3,274	86,557
Transfers				(25,950)	25,950	-
Total general revenues and transfers				<u>8,898,411</u>	<u>29,312</u>	<u>8,927,723</u>
Change in net position				950,409	48,600	999,009
Net position beginning of year				<u>8,079,513</u>	<u>8,521</u>	<u>8,088,034</u>
Net position end of year				<u>\$ 9,029,922</u>	<u>57,121</u>	<u>9,087,043</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 2,549,915	1,193,404	5,845	252,415	4,001,579
Receivables:					
Property tax:					
Delinquent	37,381	4,093	7,130	2,701	51,305
Succeeding year	2,896,309	416,981	989,312	250,001	4,552,603
Income surtax	347,427	-	-	-	347,427
Accounts	1,030	-	-	-	1,030
Due from other funds	35,859	-	-	-	35,859
Due from other governments	117,554	289,938	-	-	407,492
Total assets	\$ 5,985,475	1,904,416	1,002,287	505,117	9,397,295
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 108,383	2,039	-	11,129	121,551
Salaries and benefits payable	708,100	-	-	-	708,100
Advances from grantors	2,778	-	-	-	2,778
Total liabilities	819,261	2,039	-	11,129	832,429
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,896,309	416,981	989,312	250,001	4,552,603
Income surtax	347,427	-	-	-	347,427
Total deferred inflows of resources	3,243,736	416,981	989,312	250,001	4,900,030
Fund balances:					
Restricted for:					
Categorical funding	121,737	-	-	-	121,737
Debt service	-	-	12,975	-	12,975
Management levy purposes	-	-	-	205,986	205,986
Student activities	-	-	-	38,001	38,001
School infrastructure	-	1,314,716	-	-	1,314,716
Physical plant and equipment levy	-	170,680	-	-	170,680
Unassigned	1,800,741	-	-	-	1,800,741
Total fund balances	1,922,478	1,485,396	12,975	243,987	3,664,836
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,985,475	1,904,416	1,002,287	505,117	9,397,295

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances of governmental funds(page 20)	\$	3,664,836
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		15,593,032
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		347,427
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.		(73,802)
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.		<u>(10,501,571)</u>
Net position of governmental activities(page 18)	\$	<u><u>9,029,922</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,675,571	410,447	714,996	238,947	5,039,961
Tuition	376,604	-	-	-	376,604
Other	114,976	2,852	-	298,195	416,023
State sources	3,516,196	661,673	277	99	4,178,245
Federal sources	161,154	-	-	-	161,154
Total revenues	<u>7,844,501</u>	<u>1,074,972</u>	<u>715,273</u>	<u>537,241</u>	<u>10,171,987</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,014,123	10,580	-	121,362	3,146,065
Special	888,288	-	-	-	888,288
Other	901,823	-	-	308,381	1,210,204
	<u>4,804,234</u>	<u>10,580</u>	<u>-</u>	<u>429,743</u>	<u>5,244,557</u>
Support services:					
Student	212,721	-	-	-	212,721
Instructional staff	293,211	215,701	-	-	508,912
Administration	758,870	3,168	-	-	762,038
Operation and maintenance of plant	577,042	11,124	-	93,007	681,173
Transportation	431,222	70,315	-	13,963	515,500
	<u>2,273,066</u>	<u>300,308</u>	<u>-</u>	<u>106,970</u>	<u>2,680,344</u>
Other expenditures:					
Capital outlay	-	226,694	-	-	226,694
Long-term debt:					
Principal	-	-	535,000	-	535,000
Interest and fiscal charges	-	-	452,366	-	452,366
AEA flowthrough	284,332	-	-	-	284,332
	<u>284,332</u>	<u>226,694</u>	<u>987,366</u>	<u>-</u>	<u>1,498,392</u>
Total expenditures	<u>7,361,632</u>	<u>537,582</u>	<u>987,366</u>	<u>536,713</u>	<u>9,423,293</u>
Excess(Deficiency) of revenues over(under) expenditures	482,869	537,390	(272,093)	528	748,694
Other financing sources(uses):					
Transfer in	-	-	270,000	-	270,000
Transfer out	-	(270,000)	-	-	(270,000)
Total other financing sources(uses)	<u>-</u>	<u>(270,000)</u>	<u>270,000</u>	<u>-</u>	<u>-</u>
Change in fund balances	482,869	267,390	(2,093)	528	748,694
Fund balances beginning of year	<u>1,439,609</u>	<u>1,218,006</u>	<u>15,068</u>	<u>243,459</u>	<u>2,916,142</u>
Fund balances end of year	<u>\$ 1,922,478</u>	<u>1,485,396</u>	<u>12,975</u>	<u>243,987</u>	<u>3,664,836</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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, 2014

Change in fund balances - total governmental funds(page 22) \$ 748,694

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	\$ 243,712	
Depreciation expense	<u>(568,991)</u>	(325,279)

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. 1,342

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 7,564

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	\$ 813	
Termination benefits	22,507	
Other postemployment benefits	<u>(40,232)</u>	<u>(16,912)</u>

Change in net position of governmental activities(page 19) \$ 950,409

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and cash equivalents	\$ 77,395
Inventories	7,109
Total current assets	84,504
Noncurrent assets:	
Capital assets, net of accumulated depreciation	36,428
Total assets	120,932
Liabilities	
Current liabilities:	
Due to other funds	35,859
Accounts payable	1,226
Salaries and benefits payable	20,415
Unearned revenue	2,446
Total current liabilities	59,946
Noncurrent liabilities:	
Net OPEB liability	3,865
Total liabilities	63,811
Net Position	
Net investment in capital assets	36,428
Unrestricted	20,693
Total net position	\$ 57,121

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 230,743
Miscellaneous	3,274
Total operating revenues	234,017
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Services	5,173
Non-instructional programs:	
Food service operations:	
Salaries	108,677
Benefits	35,117
Services	7,575
Supplies	272,736
Other	5,686
Depreciation	4,984
	434,775
Total operating expenses	439,948
Operating loss	(205,931)
Non-operating revenues:	
State sources	3,538
Federal sources	224,955
Interest income	88
Total non-operating revenues	228,581
Increase in net position before capital contributions	22,650
Capital contributions	25,950
Increase in net position	48,600
Net position beginning of year	8,521
Net position end of year	\$ 57,121

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 230,000
Cash received from miscellaneous	3,274
Cash paid to employees for services	(146,194)
Cash paid to suppliers for goods or services	(249,514)
Net cash used in operating activities	(162,434)
Cash flows from non-capital financing activities:	
Borrowings from the General Fund	23,923
State grants received	3,538
Federal grants received	184,439
Net cash provided by non-capital financing activities	211,900
Cash flows from investing activities:	
Interest on investments	88
Net increase in cash and cash equivalents	49,554
Cash and cash equivalents at beginning of year	27,841
Cash and cash equivalents at end of year	\$ 77,395
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (205,931)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	40,516
Depreciation	4,984
Increase in accounts payable	1,140
Decrease in salaries and benefits payable	(3,508)
Decrease in unearned revenue	(743)
Increase in other postemployment benefits	1,108
Net cash used by operating activities	\$ (162,434)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received \$40,516 of federal commodities.

During the year ended June 30, 2014, the School Nutrition Fund received contributed capital of \$25,950 from the Capital Projects: Physical Plant and Equipment Levy Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash, cash equivalents and pooled investments	<u>\$ 146,531</u>
Liabilities	<u>-</u>
Net Position	
Reserved for scholarships	<u><u>\$ 146,531</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ <u>74</u>
Deductions:	<u>-</u>
Change in net position	74
Net position beginning of year	<u>146,457</u>
Net position end of year	<u>\$ 146,531</u>

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(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 city 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 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets 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. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints 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, Deferred Inflows of Resources 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Deferred Inflows of Resources - 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 inflows of resources 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 inflows of resources consist of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in 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, 2014. 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.

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, 2014 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 and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had no investments.

(3) **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	School Nutrition	<u>\$ 35,859</u>

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, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 270,000</u>

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, 2014 is as follows:

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>End</u> <u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 207,582	-	-	207,582
Construction in progress	-	66,703	66,703	-
Total capital assets not being depreciated	<u>207,582</u>	<u>66,703</u>	<u>66,703</u>	<u>207,582</u>
Capital assets being depreciated:				
Buildings	18,237,657	171,703	-	18,409,360
Land improvements	713,597	17,304	-	730,901
Machinery and equipment	1,781,944	54,705	-	1,836,649
Total capital assets being depreciated	<u>20,733,198</u>	<u>243,712</u>	<u>-</u>	<u>20,976,910</u>
Less accumulated depreciation for:				
Buildings	3,188,239	383,728	-	3,571,967
Land improvements	476,474	27,422	-	503,896
Machinery and equipment	1,357,756	157,841	-	1,515,597
Total accumulated depreciation	<u>5,022,469</u>	<u>568,991</u>	<u>-</u>	<u>5,591,460</u>
Total capital assets being depreciated, net	<u>15,710,729</u>	<u>(325,279)</u>	<u>-</u>	<u>15,385,450</u>
Governmental activities capital assets, net	<u>\$ 15,918,311</u>	<u>(258,576)</u>	<u>66,703</u>	<u>15,593,032</u>
Business type activities:				
Machinery and equipment	\$ 145,941	25,950	-	171,891
Less accumulated depreciation	130,479	4,984	-	135,463
Business type activities capital assets, net	<u>\$ 15,462</u>	<u>20,966</u>	<u>-</u>	<u>36,428</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 17,688
Support services:		
Instructional staff		23,310
Operation and maintenance of plant		4,944
Transportation		111,899
		<u>157,841</u>
Unallocated depreciation		<u>411,150</u>
		<u>568,991</u>
Total governmental activities depreciation expense		<u>\$ 568,991</u>
Business type activities:		
Food services		<u>\$ 4,984</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 10,756,000	-	535,000	10,221,000	555,000
Termination Benefits	132,958	43,972	66,479	110,451	88,465
Compensated Absences	30,600	29,787	30,600	29,787	29,787
Net OPEB liability	100,101	40,232	-	140,333	-
Total	<u>\$ 11,019,659</u>	<u>113,991</u>	<u>632,079</u>	<u>10,501,571</u>	<u>673,252</u>
Business type activities:					
Net OPEB liabilities	<u>\$ 2,757</u>	<u>1,108</u>	<u>-</u>	<u>3,865</u>	<u>-</u>

General Obligation Bonds

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ended June 30,	Bond Issue December 1, 2007			Bond Issue June 1, 2008			Bond Issue March 8, 2012			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
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	-	-	-	5.00	650,000	356,962	-	-	-	650,000	356,962	1,006,962
2020-2024	-	-	-	5.00-4.25	3,685,000	1,275,337	-	-	-	3,685,000	1,275,337	4,960,337
2025-2028	-	-	-	4.25-4.30	3,565,000	388,862	-	-	-	3,565,000	388,862	3,953,862
Total		<u>\$ 190,000</u>	<u>10,730</u>		<u>\$ 9,320,000</u>	<u>3,682,761</u>		<u>\$ 711,000</u>	<u>10,527</u>	<u>\$ 10,221,000</u>	<u>3,704,018</u>	<u>13,925,018</u>

Termination Benefits

The District approved and offered a voluntary early retirement plan for employees during fiscal year 2013 and 2014. 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, 2014, the District has obligations to six participants with a total liability of \$110,451.

(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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$397,633, \$390,716, and \$365,955 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, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 50,508
Interest on net OPEB obligation	2,571
Adjustment to annual required contribution	(7,654)
Annual OPEB cost	<u>45,425</u>
Contributions made	<u>(4,085)</u>
Increase in net OPEB obligation	41,340
Net OPEB obligation beginning of year	<u>102,858</u>
Net OPEB obligation end of year	<u><u>\$ 144,198</u></u>

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, 2014.

For the year ended June 30, 2014, the District contributed \$4,085 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, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	55,310	68.70%	62,481
2013	45,272	10.81%	102,858
2014	45,425	8.99%	144,198

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$267,220, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$267,220. The covered payroll (annual payroll of active employees covered by the plan) was \$3,006,007 and the ratio of the UAAL to covered payroll was 8.89%. As of June 30, 2014, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members 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, 2014 were \$530,174.

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 \$284,332 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

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

Program	Amount
Gifted and Talented Programs	\$ 57,574
Four-year-old Preschool State Aid	57,916
Professional Development for Model Core Curriculum	5,017
Professional Development	1,230
Total	<u>\$ 121,737</u>

(12) 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/ Unrestricted Balances
Fund Balance (Exhibit C)	\$ -	12,975	205,986	1,800,741
Capital assets	15,593,032	-	-	-
General obligation bond proceeds expended for capital assets	(10,221,000)	-	-	-
Accrued interest payable	-	(12,975)	-	(60,827)
Total termination benefits payable	-	-	(98,185)	(12,266)
Income surtax	-	-	-	347,427
Compensated absences	-	-	-	(29,787)
Net OPEB liability	-	-	-	(140,333)
Net position	<u>\$ 5,372,032</u>	<u>-</u>	<u>107,801</u>	<u>1,904,955</u>

(13) Prospective Account Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosure required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

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, 2014

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 5,832,588	234,105	6,066,693	6,700,993	6,700,993	(634,300)
State sources	4,178,245	3,538	4,181,783	3,546,719	3,546,719	635,064
Federal sources	161,154	224,955	386,109	362,000	362,000	24,109
Total revenues	10,171,987	462,598	10,634,585	10,609,712	10,609,712	24,873
Expenditures/expenses:						
Instruction	5,244,557	-	5,244,557	5,711,094	5,711,094	466,537
Support services	2,680,344	5,173	2,685,517	2,794,998	2,794,998	109,481
Non-instructional programs	-	434,775	434,775	475,000	475,000	40,225
Other expenditures	1,498,392	-	1,498,392	1,595,534	1,595,534	97,142
Total expenditures/expenses	9,423,293	439,948	9,863,241	10,576,626	10,576,626	713,385
Excess of revenues over expenditures/expenses	748,694	22,650	771,344	33,086	33,086	738,258
Other financing sources, net	-	25,950	25,950	-	-	25,950
Excess of revenues and other financing sources over expenditures/expenses	748,694	48,600	797,294	33,086	33,086	764,208
Balances beginning of year	2,916,142	8,521	2,924,663	2,600,818	2,600,818	323,845
Balances end of year	\$ 3,664,836	57,121	3,721,957	2,633,904	2,633,904	1,088,053

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PANORAMA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014

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%
2014	July 1, 2012	-	\$ 267,220	267,220	0.0%	\$3,006,007	8.89%

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

PANORAMA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
Assets			
Cash, cash equivalents, and pooled investments	\$ 49,130	203,285	252,415
Receivables:			
Property tax:			
Delinquent	-	2,701	2,701
Succeeding year	-	250,001	250,001
Total assets	\$ 49,130	455,987	505,117
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 11,129	-	11,129
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	250,001	250,001
Fund balances:			
Restricted for:			
Student activities	38,001	-	38,001
Management levy purposes	-	205,986	205,986
Total fund balances	38,001	205,986	243,987
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 49,130	455,987	505,117

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PANORAMA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	238,947	238,947
Other	290,689	7,506	298,195
State sources	-	99	99
Total revenues	<u>290,689</u>	<u>246,552</u>	<u>537,241</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	121,362	121,362
Other	308,381	-	308,381
Support services:			
Operation and maintenance of plant	-	93,007	93,007
Transportation	-	13,963	13,963
Total expenditures	<u>308,381</u>	<u>228,332</u>	<u>536,713</u>
Change in fund balances	(17,692)	18,220	528
Fund balances beginning of year	<u>55,693</u>	<u>187,766</u>	<u>243,459</u>
Fund balances end of year	<u>\$ 38,001</u>	<u>205,986</u>	<u>243,987</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PANORAMA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 1,024,778	168,626	1,193,404
Receivables:			
Property tax:			
Delinquent	-	4,093	4,093
Succeeding year	-	416,981	416,981
Due from other governments	289,938	-	289,938
Total assets	\$ 1,314,716	589,700	1,904,416
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	2,039	2,039
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	416,981	416,981
Fund Balances:			
Restricted for:			
School infrastructure	1,314,716	-	1,314,716
Physical plant and equipment	-	170,680	170,680
Total fund balances	1,314,716	170,680	1,485,396
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,314,716	589,700	1,904,416

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PANORAMA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	410,447	410,447
Other	-	2,852	2,852
State sources	661,514	159	661,673
Total revenues	661,514	413,458	1,074,972
Expenditures:			
Instruction:			
Regular	2,811	7,769	10,580
Support services:			
Instructional staff	3,140	212,561	215,701
Administration	-	3,168	3,168
Operation and maintenance of plant	1,919	9,205	11,124
Transportation	2,986	67,329	70,315
Other expenditures:			
Capital outlay	36,719	189,975	226,694
Total expenditures	47,575	490,007	537,582
Excess(deficiency) of revenues over(under) expenditures	613,939	(76,549)	537,390
Other financing uses:			
Transfer out	(270,000)	-	(270,000)
Change in fund balances	343,939	(76,549)	267,390
Fund balaces beginning year	970,777	247,229	1,218,006
Fund balances end of year	\$ 1,314,716	170,680	1,485,396

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PANORAMA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Drama	\$ 1,394	4,030	2,315	-	3,109
Dare	217	-	-	-	217
Speech	923	1,520	1,024	-	1,419
Volleyball	16	4,311	8,173	3,900	54
Track	27	12,529	13,447	1,350	459
Cross country	509	4,160	8,515	3,850	4
Golf	39	2,480	6,840	4,330	9
Girls basketball	3	5,090	6,586	1,600	107
Boys basketball	772	6,594	6,095	-	1,271
Football	16	35,167	37,307	2,150	26
Baseball & softball	737	13,003	21,829	8,110	21
Wrestling	24	7,957	9,083	1,105	3
Athletics	3	24,573	31,620	7,100	56
Officials	1,304	-	12,794	11,850	360
Tag	800	-	107	-	693
Student council	2,680	3,647	4,100	-	2,227
MS student council	1,977	2,077	2,676	(100)	1,278
National honor society	46	-	35	-	11
FCCLA	368	1,051	844	-	575
O-M	60	-	1	-	59
FFA	3,206	23,808	24,725	-	2,289
Panther greenhouse	615	-	-	-	615
Panther productions	123	-	-	-	123
Science	3,081	-	-	-	3,081
Art club	904	109	198	-	815
Music club	15,724	33,228	45,133	-	3,819
Robotics club	-	182	343	225	64
Annual	3,132	8,140	7,571	-	3,701
Drill team	1,618	4,135	4,986	-	767
Cheerleaders	1,807	4,189	4,593	-	1,403
Technology	472	4,975	4,995	550	1,002
Panthers for prevention	695	-	-	-	695
Class of 2012	-	-	-	-	-
Class of 2013	491	-	-	(491)	-
Class of 2014	6,034	2,782	8,950	163	29
Class of 2015	50	5,298	5,512	164	-
Class of 2016	-	-	205	264	59
Elementary	-	-	(413)	-	413
General	5,826	75,654	28,192	(46,120)	7,168
Total	\$ 55,693	290,689	308,381	-	38,001

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 5,039,961	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
Tuition	376,604	311,782	315,380	382,307	299,310	242,810	247,834	192,374	207,560	138,240
Other	416,023	401,946	472,313	774,441	702,039	647,675	426,889	441,007	336,040	329,364
State sources	4,178,245	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
Federal sources	161,154	183,355	312,606	381,705	657,685	270,123	203,754	632,518	227,920	237,361
Total	\$ 10,171,987	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
Expenditures:										
Instruction:										
Regular	\$ 3,146,065	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
Special	888,288	788,896	709,779	710,690	864,790	859,150	737,691	725,689	650,137	721,446
Other	1,210,204	1,112,609	1,199,094	1,127,251	645,318	859,248	827,814	730,338	694,011	489,614
Support services:										
Student	212,721	200,978	127,392	178,467	138,548	161,188	155,203	143,624	149,757	132,387
Instructional staff	508,912	422,634	409,375	313,037	257,493	234,925	251,045	194,186	175,573	160,567
Administration	762,038	690,722	699,762	644,362	746,704	716,889	691,361	649,260	566,893	494,065
Operation and maintenance of plant	681,173	696,993	690,082	698,061	620,151	578,408	588,541	559,253	515,332	424,253
Transportation	515,500	570,933	566,977	636,413	596,073	640,380	807,995	448,724	506,324	381,046
Non-instructional programs	-	-	-	-	-	-	38,960	17,891	15,771	14,686
Other expenditures:										
Capital outlay	226,694	109,342	351,631	4,149,241	5,349,755	759,352	1,531,655	260,849	100,534	95,157
Long-term debt:										
Principal	535,000	535,000	490,000	482,608	472,612	457,612	370,000	365,000	270,000	255,000
Interest	452,366	463,235	515,030	530,674	545,090	533,124	111,705	119,005	328,156	344,742
AEA flow-through	284,332	273,595	276,362	304,077	303,043	268,002	245,109	240,115	224,732	203,470
Total	\$ 9,423,293	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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

To the Board of Education 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, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our 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, 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 as item I-A-14 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-14 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

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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, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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. 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, P.C.

December 17, 2014
Newton, Iowa

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 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 continues to implement procedures in order to segregate duties with the limited staff available. We will continue to analyze 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-14 Fixed Assets - A record of fixed asset acquisitions and disbursements are kept by the District, however, these changes are not being made on the District's accounting software by District personnel. Fixed assets are required to be maintained for financial statement presentation.

Recommendation - The District should have a complete list of additions, deletions, and current assets for reporting purposes. If the accounting staff is not comfortable using the fixed asset module within the accounting software to track additions, and deletions of fixed assets, the District should consider sending their accounting staff to additional training on use of the fixed asset module.

Response - The district will send the appropriate employee to additional training on the fixed asset module. Once training is complete, the district will keep an accurate list of additions, deletions and current assets for reporting purposes.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - During the year ended June 30, 2014, expenditures did not exceed the amended certified budget amounts in any of the functional areas.

II-B-14 Questionable Disbursements - During our audit we noted that gift cards were purchased from the Special Revenue Student Activity Fund, and given to individual students as Battle of the Books prizes. Cash or gift cards given to students for these purposes does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The district will no longer purchase gift cards for individual students.

Conclusion - Response accepted.

II-C-14 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-14 Business Transactions - Business transactions between the District and District officials are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Dave Simmons, Substitute Bus Driver Owns Highway 44 Enterprises, LLC	Services - repairs	\$1,566
Joan McKinney, Substitute Paraeducator Husband sells supplies	Supplies	\$2,400

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-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-14 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-14 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, except that the District did not pass a depository resolution.
- Recommendation - The District should pass a depository resolution on an annual basis to comply with Chapter 12C.2 of the Code of Iowa.
- Response - The district will pass a depository resolution on an annual basis. The resolution for the 2014-15 fiscal year was passed on July 14th, 2014.
- Conclusion - Response accepted.
- II-J-14 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-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-14 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 970,777
Revenues:		
Sales tax revenues		661,514
		<u>1,632,291</u>
Expenditures/transfer out:		
School infrastructure construction	8,450	
Equipment	16,026	
Other	23,099	
Transfer to other funds:		
Debt service fund	270,000	317,575
		<u>317,575</u>
Ending balance		<u>\$ 1,314,716</u>

For the year ended June 30, 2014, the District reduced the following levy as a result of the monies 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	\$ 0.65000	\$ 270,000

II-M-14 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, 2014, the Enterprise, School Nutrition Fund owes the General Fund \$35,859.

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 has been closely monitoring the financial condition of the Nutrition Fund and plans to pay off the remainder of the interfund loan to the General Fund by the end of the 2014-15 fiscal year.

Conclusion - Response accepted.