

PANORAMA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Panorama Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Bryce Wilke	President	2015
Tom Arganbright	Vice President	2015
Deb Douglass	Board Member	2017
Greg Irving	Board Member (resigned March 2015)	2017
Jon Stetzel	Board Member	2017
Jenny Van Gundy	Board Member (appointed March 2015)	2015

School Officials

Kathryn Elliot	Superintendent	2015
Sarah Sheeder	Board Secretary/Treasurer	2015
Ahlers & Cooney, P.C.	Attorney	2015

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(a professional corporation)
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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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, Panorama Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 48 through 54 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 six years ended June 30, 2014 (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 three 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 January 4, 2016, 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.

January 4, 2016
Newton, Iowa

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$7,844,501 in fiscal 2014 to \$7,746,379 in fiscal 2015, while General Fund expenditures increased from \$7,361,632 in fiscal 2014 to \$7,892,217 in fiscal 2015. This resulted in a decrease in the District's General Fund balance from \$1,922,478 in fiscal 2014 to \$1,776,640 in fiscal 2015, a 7.59% increase from the prior year.
- The decrease in General Fund revenues was mainly attributable to a decrease in local tax sources in fiscal 2015. The increase in expenditures was due to an increase in negotiated salaries and benefits for the District.
- The District issued revenue bonds against the local option sales tax (SAVE) funds 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.
- The District was approved to participate in the Teacher Leadership Compensation program which resulted in more General Fund revenues from state sources.

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, the District's proportionate share of the net pension liability and related contributions, 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.

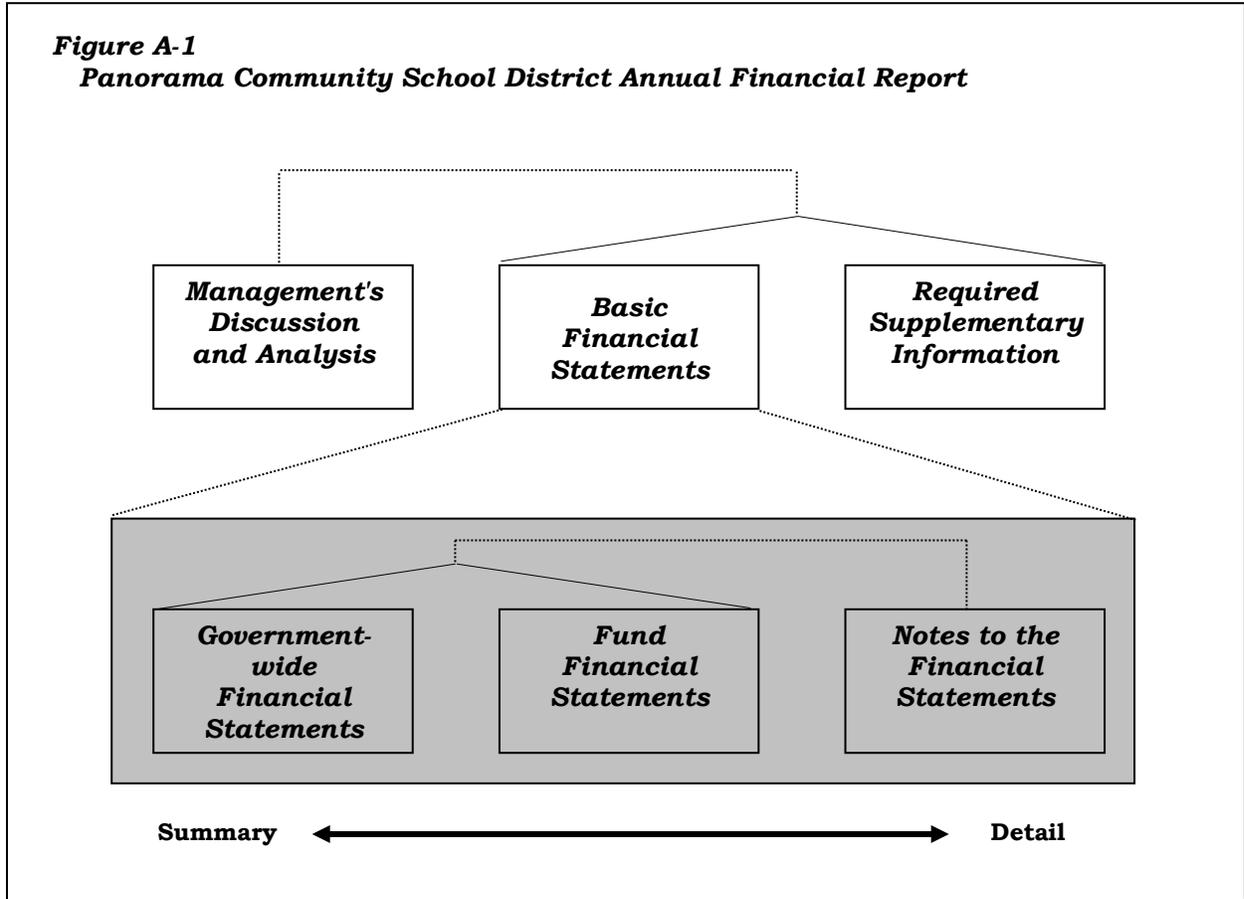


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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: 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 deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period.
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, 2015 compared to June 30, 2014.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Current and other assets	\$ 18,648,148	9,397,295	78,159	84,504	18,726,307	9,481,799	97.50%
Capital assets	16,682,062	15,593,032	49,661	36,428	16,731,723	15,629,460	7.05%
Total assets	35,330,210	24,990,327	127,820	120,932	35,458,030	25,111,259	41.20%
Deferred outflows of resources	565,855	-	13,666	-	579,521	-	100.00%
Long-term obligations	22,540,575	10,501,571	70,940	3,865	22,611,515	10,505,436	115.24%
Other liabilities	1,101,134	906,231	27,708	59,946	1,128,842	966,177	16.84%
Total liabilities	23,641,709	11,407,802	98,648	63,811	23,740,357	11,471,613	106.95%
Deferred inflows of resources	5,790,055	4,552,603	28,476	-	5,818,531	4,552,603	27.81%
Net position:							
Net investment in capital assets	2,960,914	5,372,032	49,661	36,428	3,010,575	5,408,460	-44.34%
Restricted	4,982,123	1,752,935	-	-	4,982,123	1,752,935	184.22%
Unrestricted	(1,478,736)	1,904,955	(35,299)	20,693	(1,514,035)	1,925,648	-178.62%
Total net position	\$ 6,464,301	9,029,922	14,362	57,121	6,478,663	9,087,043	-28.70%

The District's combined net position decreased by 28.70% or \$2,608,380 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 \$3,229,188 or 184.22% from the prior year. The increase in restricted net position was due primarily to the increases in fund balances of the Capital Projects: Statewide Sales, Services and Use Tax Fund, and the Debt Service Fund from the prior year.

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 - decreased \$3,439,683 or 178.62%. The decrease was mainly due to the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,460,973 and \$86,560, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 695,089	694,971	241,953	230,743	937,042	925,714	1.22%
Operating grants and contributions and restricted interest	609,285	560,219	235,372	228,493	844,657	788,712	7.09%
General revenues:							
Property tax	4,537,538	4,676,117	-	-	4,537,538	4,676,117	-2.96%
Income surtax	416,585	371,408	-	-	416,585	371,408	12.16%
Statewide sales, services and use tax	667,604	661,514	-	-	667,604	661,514	0.92%
Unrestricted state grants	3,306,807	3,126,599	-	-	3,306,807	3,126,599	5.76%
Unrestricted investment earnings	26,512	5,440	123	88	26,635	5,528	381.82%
Other	126,291	83,283	1,534	3,274	127,825	86,557	47.68%
Total revenues	<u>10,385,711</u>	<u>10,179,551</u>	<u>478,982</u>	<u>462,598</u>	<u>10,864,693</u>	<u>10,642,149</u>	<u>2.09%</u>
Program expenses:							
Governmental activities:							
Instructional	5,542,806	5,267,275	-	-	5,542,806	5,267,275	5.23%
Support services	2,758,542	2,789,411	4,038	5,173	2,762,580	2,794,584	-1.15%
Non-instructional programs	-	-	431,143	434,775	431,143	434,775	-0.84%
Other expenses	1,189,011	1,146,506	-	-	1,189,011	1,146,506	3.71%
Total expenses	<u>9,490,359</u>	<u>9,203,192</u>	<u>435,181</u>	<u>439,948</u>	<u>9,925,540</u>	<u>9,643,140</u>	<u>2.93%</u>
Excess(Deficiency) of revenues over(under) expenditures	895,352	976,359	43,801	22,650	939,153	999,009	-5.99%
Transfers	-	(25,950)	-	25,950	-	-	0.00%
Change in net position	895,352	950,409	43,801	48,600	939,153	999,009	-5.99%
Net position beginning of year, as restated	<u>5,568,949</u>	<u>8,079,513</u>	<u>(29,439)</u>	<u>8,521</u>	<u>5,539,510</u>	<u>8,088,034</u>	<u>-31.51%</u>
Net position end of year	<u>\$ 6,464,301</u>	<u>9,029,922</u>	<u>14,362</u>	<u>57,121</u>	<u>6,478,663</u>	<u>9,087,043</u>	<u>-28.70%</u>

In fiscal year 2015, property tax and unrestricted state grants accounted for 75.53% of the revenue from governmental activities while charges for services and operating grants, contributions and restricted interest accounted for 99.65% of the revenue from business type activities.

The District's total revenues were approximately \$10.86 million, of which approximately \$10.38 million was for governmental activities and approximately \$0.48 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 2.09% in revenues and a 2.93% increase in expenses. Unrestricted state grants increased approximately \$180,208 to fund the increase in expenses. The increase in expenditures is primarily due to an increase in instructional expenses as compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$10,385,711 and expenses were \$9,490,359 for the year ended June 30, 2015.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
		2014	Change		2014	Change
	2015	(Not Restated)	2014-15	2015	(Not Restated)	2014-15
Instruction	\$ 5,542,806	5,267,275	5.23%	4,525,624	4,297,297	5.31%
Support services	2,758,542	2,789,411	-1.11%	2,757,061	2,788,531	-1.13%
Other expenses	1,189,011	1,146,506	3.71%	903,300	862,174	4.77%
Totals	\$ 9,490,359	9,203,192	3.12%	8,185,985	7,948,002	2.99%

For the year ended June 30, 2015:

- The cost financed by users of the District’s programs was \$695,089.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$609,285.
- The net cost of governmental activities was financed with \$4,537,538 in property tax, \$416,585 in income surtax, \$667,604 in statewide sales, services and use tax, \$3,306,807 in unrestricted state grants, \$26,512 in interest income and \$126,291 in other general revenues.

Business Type Activities

Revenues of the District’s business type activities were \$478,982 and expenses were \$435,181. 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, investment income and other general revenues.

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 \$12,633,848, over last year’s ending fund balances of \$3,664,836. The increase is primarily due to unspent general obligation bond proceeds received, as well as the issuance of revenue bonds in fiscal year 2015.

Governmental Fund Highlights

- The District’s General Fund balance decreased from \$1,922,478 at June 30, 2014 to \$1,776,640 at June 30, 2015. A decrease in local tax revenues was the primary reason for the decrease in General Fund revenues from the previous year. Increased salary and benefits costs were the main contributing factors in the increase in expenditures incurred compared to the prior year.

-
- The Capital Projects Fund balance increased from a balance of \$1,485,396 at June 30, 2014 to \$4,640,493 at June 30, 2015. This increase can be attributed to issuance of revenue bonds dated March 24, 2015 which will be spent as costs are incurred against District construction projects.
 - The Debt Service Fund balance increased from a balance of \$12,975 at June 30, 2014 to \$5,982,125 at June 30, 2015. This increase was due to the general obligation bond proceeds received during the fiscal year 2015 which will be used to purchase U.S. Treasury Obligations and placed into an escrow.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a deficit of \$29,439 at June 30, 2014 to \$14,362 at June 30, 2015, representing an increase of approximately 148.79%. This increase in net position was due mainly in part to increased charges for service for the District's nutritional program, along with the restatement of the District's net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68, which was implemented during fiscal year 2015.

BUDGETARY HIGHLIGHTS

Over the course of the year, Panorama Community School District amended its budget on time to reflect additional revenue and expenditures associated with the hiring of additional staff due to the Teacher Leadership Grant Approval, and the locker room and athletic complex projects.

The District's revenues were \$320,509 more than budgeted revenues, a variance of 3.04%. The most significant variance resulted from the District receiving more from state and federal sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$16,731,723, 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 increase of 7.05% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$605,023.

The original cost of the District's capital assets was \$22,772,070. Governmental funds account for \$22,580,306 with the remainder of \$191,764 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$1,276,954 at June 30, 2015 as compared to \$0 at June 30, 2014. The increase is primarily due to the District beginning construction on a locker room remodel and a new athletic complex during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 207,582	207,582	-	-	207,582	207,582	0.00%
Construction in progress	1,276,954	-	-	-	1,276,954	-	100.00%
Buildings	14,634,782	14,837,393	-	-	14,634,782	14,837,393	-1.37%
Land improvements	247,370	227,005	-	-	247,370	227,005	8.97%
Machinery and equipment	315,374	321,052	49,661	36,428	365,035	357,480	2.11%
Total	\$ 16,682,062	15,593,032	49,661	36,428	16,731,723	15,629,460	7.05%

Long-Term Debt

At June 30, 2015, the District had \$22,611,515 in total long-term debt outstanding. This represents a decrease of 115.24% from last year. (See Figure A-7) Of the total long-term debt remaining, \$585,830 is due within one year. More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
General obligation bonds	\$ 15,596,000	10,221,000	-	-	15,596,000	10,221,000	52.59%
Revenue bonds	4,070,000	-	-	-	4,070,000	-	100.00%
Termination benefits	21,986	110,451	-	-	21,986	110,451	-80.09%
Compensated absences	34,830	29,787	-	-	34,830	29,787	16.93%
Net pension liability	2,632,873	-	65,849	-	2,698,722	-	100.00%
Net OPEB liability	184,886	140,333	5,091	3,865	189,977	144,198	31.75%
Total	\$ 22,540,575	10,501,571	70,940	3,865	22,611,515	10,505,436	115.24%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District experienced a decline in enrollment for the fiscal year 2015. Certified enrollment for the school year declined by 22 students.
- Continued concerns in the economy and discussion at the state level regarding allowable growth will continue to 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 entered into a four year lease agreement with KUNO'S for the purchase of 670 tablets in order to implement 1:1. After the agreement was approved and the devices were received, it was discovered that the KUNO tablets were not performing as intended. Therefore, the District has entered into a lawsuit with four other Iowa school districts against KUNO. The District continues to work on a technology solution for students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sarah Sheeder, Board Secretary/Treasurer, Panorama 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, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments:			
U.S Treasury Securities on deposit with escrow agent	\$ 5,944,852	-	5,944,852
Other	7,377,543	67,330	7,444,873
Receivables:			
Property tax:			
Delinquent	42,091	-	42,091
Succeeding year	4,651,498	-	4,651,498
Income surtax	363,834	-	363,834
Accounts	15,751	-	15,751
Due from other governments	252,579	-	252,579
Inventories	-	10,829	10,829
Capital assets, net of accumulated depreciation	16,682,062	49,661	16,731,723
Total assets	35,330,210	127,820	35,458,030
Deferred Outflows of Resources			
Pension related deferred outflows	565,855	13,666	579,521
Liabilities			
Accounts payable	205,719	450	206,169
Salaries and benefits payable	793,249	22,250	815,499
Accrued interest payable	102,166	-	102,166
Unearned revenue	-	5,008	5,008
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	551,000	-	551,000
Revenue bonds	185,000	-	185,000
Compensated absences payable	34,830	-	34,830
Portion due after one year:			
General obligation bonds payable	15,045,000	-	15,045,000
Revenue bonds	3,885,000	-	3,885,000
Termination benefits payable	21,986	-	21,986
Net pension liability	2,632,873	65,849	2,698,722
Net OPEB liability	184,886	5,091	189,977
Total liabilities	23,641,709	98,648	23,740,357
Deferred Inflows of Resources			
Unavailable property tax revenue	4,651,498	-	4,651,498
Pension related deferred inflows	1,138,557	28,476	1,167,033
Total deferred inflows of resources	5,790,055	28,476	5,818,531
Net Position			
Net investment in capital assets	3,145,914	49,661	3,195,575
Restricted for:			
Categorical funding	129,026	-	129,026
Management levy	165,717	-	165,717
Student activities	46,887	-	46,887
School infrastructure	4,339,623	-	4,339,623
Physical plant and equipment levy	300,870	-	300,870
Unrestricted	(1,663,736)	(35,299)	(1,699,035)
Total net position	\$ 6,464,301	14,362	6,478,663

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular instruction	\$ 3,572,543	371,489	45,169	(3,155,885)	-	(3,155,885)
Special instruction	817,154	65,836	38,534	(712,784)	-	(712,784)
Other instruction	1,153,109	257,151	239,003	(656,955)	-	(656,955)
	<u>5,542,806</u>	<u>694,476</u>	<u>322,706</u>	<u>(4,525,624)</u>	<u>-</u>	<u>(4,525,624)</u>
Support services:						
Student	210,248	-	-	(210,248)	-	(210,248)
Instructional staff	626,739	-	-	(626,739)	-	(626,739)
Administration	722,927	-	-	(722,927)	-	(722,927)
Operation and maintenance of plant	661,021	-	-	(661,021)	-	(661,021)
Transportation	537,607	613	868	(536,126)	-	(536,126)
	<u>2,758,542</u>	<u>613</u>	<u>868</u>	<u>(2,757,061)</u>	<u>-</u>	<u>(2,757,061)</u>
Long-term debt interest	471,178	-	-	(471,178)	-	(471,178)
Other expenditures:						
AEA flowthrough	285,711	-	285,711	-	-	-
Depreciation(unallocated)*	432,122	-	-	(432,122)	-	(432,122)
	<u>1,189,011</u>	<u>-</u>	<u>285,711</u>	<u>(903,300)</u>	<u>-</u>	<u>(903,300)</u>
Total governmental activities	<u>9,490,359</u>	<u>695,089</u>	<u>609,285</u>	<u>(8,185,985)</u>	<u>-</u>	<u>(8,185,985)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	4,038	-	-	-	(4,038)	(4,038)
Non-instructional programs:						
Food service operations	431,143	241,953	235,372	-	46,182	46,182
Total business type activities	<u>435,181</u>	<u>241,953</u>	<u>235,372</u>	<u>-</u>	<u>42,144</u>	<u>42,144</u>
Total	<u>\$ 9,925,540</u>	<u>937,042</u>	<u>844,657</u>	<u>(8,185,985)</u>	<u>42,144</u>	<u>(8,143,841)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 3,135,639	-	3,135,639
Capital outlay				415,678	-	415,678
Debt service				986,221	-	986,221
Income surtax				416,585	-	416,585
Statewide sales, services and use tax				667,604	-	667,604
Unrestricted state grants				3,306,807	-	3,306,807
Unrestricted investment earnings				26,512	123	26,635
Other				126,291	1,534	127,825
Total general revenues				<u>9,081,337</u>	<u>1,657</u>	<u>9,082,994</u>
Change in net position				895,352	43,801	939,153
Net position beginning of year, as restated				<u>5,568,949</u>	<u>(29,439)</u>	<u>5,539,510</u>
Net position end of year				<u>\$ 6,464,301</u>	<u>14,362</u>	<u>6,478,663</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, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments:					
U.S Treasury Securities on deposit with escrow agent	\$ -	-	5,944,852	-	5,944,852
Other	2,424,926	4,682,264	33,773	236,580	7,377,543
Receivables:					
Property tax:					
Delinquent	27,949	3,477	8,250	2,415	42,091
Succeeding year	3,024,841	424,788	976,869	225,000	4,651,498
Income surtax	363,834	-	-	-	363,834
Accounts	13,207	2,544	-	-	15,751
Due from other governments	145,627	106,952	-	-	252,579
Total assets	\$ 6,000,384	5,220,025	6,963,744	463,995	18,648,148
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 41,820	154,744	4,750	4,405	205,719
Salaries and benefits payable	793,249	-	-	-	793,249
Total liabilities	835,069	154,744	4,750	4,405	998,968
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,024,841	424,788	976,869	225,000	4,651,498
Income surtax	363,834	-	-	-	363,834
Total deferred inflows of resources	3,388,675	424,788	976,869	225,000	5,015,332
Fund balances:					
Restricted for:					
Categorical funding	129,026	-	-	-	129,026
Debt service	-	-	5,982,125	-	5,982,125
Management levy purposes	-	-	-	187,703	187,703
Student activities	-	-	-	46,887	46,887
School infrastructure	-	4,339,623	-	-	4,339,623
Physical plant and equipment levy	-	300,870	-	-	300,870
Unassigned	1,647,614	-	-	-	1,647,614
Total fund balances	1,776,640	4,640,493	5,982,125	234,590	12,633,848
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,000,384	5,220,025	6,963,744	463,995	18,648,148

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 22)		\$ 12,633,848
 <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.		16,682,062
Accounts receivable income surtax, are not yet available to finance current year expenditures of the current fiscal period and, therefore, are recognized as deferred inflows of resources in the governmental funds.		363,834
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.		(102,166)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 565,855	
Deferred inflows of resources	<u>(1,138,557)</u>	(572,702)
Long-term liabilities, including bonds payable, compensated absences payable, termination benefits payable, net pension liability and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(22,540,575)</u>
Net position of governmental activities(page 20)		<u><u>\$ 6,464,301</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, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,286,665	415,678	986,221	249,152	4,937,716
Tuition	404,264	-	-	-	404,264
Other	161,898	26,353	-	264,688	452,939
State sources	3,710,410	670,846	7,691	2,296	4,391,243
Federal sources	183,142	-	-	-	183,142
Total revenues	<u>7,746,379</u>	<u>1,112,877</u>	<u>993,912</u>	<u>516,136</u>	<u>10,369,304</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,429,094	131,016	-	168,393	3,728,503
Special	870,959	-	-	-	870,959
Other	946,192	-	-	248,289	1,194,481
	<u>5,246,245</u>	<u>131,016</u>	<u>-</u>	<u>416,682</u>	<u>5,793,943</u>
Support services:					
Student	220,558	-	-	-	220,558
Instructional staff	329,992	274,232	-	-	604,224
Administration	791,516	-	19,000	-	810,516
Operation and maintenance of plant	554,637	6,061	-	92,986	653,684
Transportation	463,558	82,955	-	15,865	562,378
	<u>2,360,261</u>	<u>363,248</u>	<u>19,000</u>	<u>108,851</u>	<u>2,851,360</u>
Capital outlay	-	1,523,516	-	-	1,523,516
Long-term debt:					
Principal	-	-	555,000	-	555,000
Interest and fiscal charges	-	-	442,814	-	442,814
	<u>-</u>	<u>-</u>	<u>997,814</u>	<u>-</u>	<u>997,814</u>
Other expenditures:					
AEA flowthrough	285,711	-	-	-	285,711
Total expenditures	<u>7,892,217</u>	<u>2,017,780</u>	<u>1,016,814</u>	<u>525,533</u>	<u>11,452,344</u>
Deficiency of revenues under expenditures	(145,838)	(904,903)	(22,902)	(9,397)	(1,083,040)
Other financing sources(uses):					
Transfer in	-	-	10,000	-	10,000
Transfer out	-	(10,000)	-	-	(10,000)
Revenue bond proceeds	-	4,070,000	-	-	4,070,000
Premium on general obligation bond issuance	-	-	115,640	-	115,640
Discount on general obligation bond issuance	-	-	(63,588)	-	(63,588)
General obligation proceeds	-	-	5,930,000	-	5,930,000
Total other financing sources(uses)	<u>-</u>	<u>4,060,000</u>	<u>5,992,052</u>	<u>-</u>	<u>10,052,052</u>
Change in fund balances	(145,838)	3,155,097	5,969,150	(9,397)	8,969,012
Fund balances beginning 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>
Fund balances end of year	<u>\$ 1,776,640</u>	<u>4,640,493</u>	<u>5,982,125</u>	<u>234,590</u>	<u>12,633,848</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, 2015

Change in fund balances - total governmental funds(page 24) \$ 8,969,012

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	\$ 1,696,995	
Depreciation expense	(598,383)	
Loss on Disposal	(9,582)	
		1,089,030

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues as follows:

Issued	(10,000,000)	
Repaid	555,000	
		(9,445,000)

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. (28,364)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 16,407

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 421,046

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	(5,043)	
Termination benefits	88,465	
Pension expense	(165,648)	
Other postemployment benefits	(44,553)	
		(126,779)

Change in net position of governmental activities(page 21) \$ 895,352

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and cash equivalents	\$ 67,330
Inventories	10,829
Total current assets	78,159
Noncurrent assets:	
Capital assets, net of accumulated depreciation	49,661
Total assets	127,820
Deferred Outflows of Resources	
Pension related deferred outflows	13,666
Liabilities	
Current liabilities:	
Accounts payable	450
Salaries and benefits payable	22,250
Unearned revenue	5,008
Total current liabilities	27,708
Noncurrent liabilities:	
Net pension liability	65,849
Net OPEB liability	5,091
Total liabilities	70,940
Total liabilities	98,648
Deferred Inflows of Resources	
Pension related deferred inflows	28,476
Net Position	
Net investment in capital assets	49,661
Unrestricted	(35,299)
Total net position	\$ 14,362

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, 2015

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 241,953
Miscellaneous	1,534
Total operating revenues	243,487
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Services	4,038
Non-instructional programs:	
Food service operations:	
Salaries	113,826
Benefits	33,429
Services	3,007
Supplies	267,950
Other	6,291
Depreciation	6,640
Total non-instructional programs	431,143
Total operating expenses	435,181
Operating loss	(191,694)
Non-operating revenues:	
State sources	3,657
Federal sources	231,715
Interest income	123
Total non-operating revenues	235,495
Increase in net position	43,801
Net position beginning of year, as restated	(29,439)
Net position end of year	\$ 14,362

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 244,515
Cash received from miscellaneous	1,534
Cash paid to employees for services	(150,095)
Cash paid to suppliers for goods or services	(244,355)
Net cash used in operating activities	(148,401)
Cash flows from non-capital financing activities:	
Repayments to other funds	(35,859)
State grants received	3,657
Federal grants received	190,288
Net cash provided by non-capital financing activities	158,086
Cash flows from capital and related financing activities:	
Purchase of capital assets	(19,873)
Cash flows from investing activities:	
Interest on investments	123
Net decrease in cash and cash equivalents	(10,065)
Cash and cash equivalents at beginning of year	77,395
Cash and cash equivalents at end of year	\$ 67,330
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (191,694)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	41,427
Depreciation	6,640
Increase in inventories	(3,720)
Decrease in accounts payable	(776)
Increase in salaries and benefits payable	1,835
Increase in other postemployment benefits	1,226
Decrease in net pension liability	(30,413)
Increase in deferred revenue	2,562
Increase in deferred outflows of resources	(3,964)
Increase in deferred inflows of resources	28,476
Net cash used by operating activities	\$ (148,401)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$41,427 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 146,590
Liabilities	<u>-</u>
Net Position	
Held in trust for scholarships	<u>\$ 146,590</u>

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest income	<u>\$ 59</u>
Deductions:	<u>-</u>
Change in net position	59
Net position beginning of year	<u>146,531</u>
Net position end of year	<u><u>\$ 146,590</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

PANORAMA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(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. The Panorama Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the 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, proprietary, and fiduciary 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, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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 non-operating 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 non-operating 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

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 years
Intangibles	5-15 years
Machinery and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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 consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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, 2015. 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 Equity - 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, 2015 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, 2015, the District had investments in U.S. Treasury Securities of \$5,944,852. Securities are stated at fair value. Securities traded on a national or international exchange are valued the last reported sales price at current exchange rates.

(3) Construction Commitments

At June 30, 2015 the District entered into contracts totaling \$4,139,460 for the construction of a new athletic complex and locker room. \$1,276,954 has been incurred against these contracts. The balance remaining will be paid out as work on the project progresses.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 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>\$ 10,000</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, 2015 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 207,582	-	-	207,582
Construction in progress	-	1,276,954	-	1,276,954
Total capital assets not being depreciated	207,582	1,276,954	-	1,484,536
Capital assets being depreciated:				
Buildings	18,409,360	195,890	-	18,605,250
Land improvements	730,901	53,986	-	784,887
Machinery and equipment	1,836,649	170,165	301,181	1,705,633
Total capital assets being depreciated	20,976,910	420,041	301,181	21,095,770
Less accumulated depreciation for:				
Buildings	3,571,967	398,501	-	3,970,468
Land improvements	503,896	33,621	-	537,517
Machinery and equipment	1,515,597	166,261	291,599	1,390,259
Total accumulated depreciation	5,591,460	598,383	291,599	5,898,244
Total capital assets being depreciated, net	15,385,450	(178,342)	9,582	15,197,526
Governmental activities capital assets, net	\$ 15,593,032	1,098,612	9,582	16,682,062
Business type activities:				
Machinery and equipment	\$ 171,891	19,873	-	191,764
Less accumulated depreciation	135,463	6,640	-	142,103
Business type activities capital assets, net	\$ 36,428	13,233	-	49,661

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 45,273
Support services:	
Instructional staff	31,185
Operation and maintenance of plant	6,130
Transportation	83,673
	<u>166,261</u>
Unallocated depreciation	<u>432,122</u>
Total governmental activities depreciation expense	\$ <u>598,383</u>
Business type activities:	
Food services	\$ <u>6,640</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,221,000	5,930,000	555,000	15,596,000	551,000
Revenue bonds	-	4,070,000	-	4,070,000	185,000
Termination benefits	110,451	-	88,465	21,986	-
Compensated absences	29,787	34,830	29,787	34,830	34,830
Net pension liability	3,848,904	-	1,216,031	2,632,873	-
Net OPEB liability	140,333	44,553	-	184,886	-
Total	\$ 14,350,475	10,079,383	1,889,283	22,540,575	770,830
Business type activities:					
Net pension liability	\$ 96,262	-	30,413	65,849	-
Net OPEB liabilities	3,865	1,226	-	5,091	-
Total	\$ 100,127	1,226	30,413	70,940	-

General Obligation Bonds

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ended June 30,	Bond Issue December 1, 2007			Bond Issue June 1, 2008					
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest			
2016	3.70 %	\$ 100,000	3,700	5.00 %	\$ 205,000	427,963			
2017	-	-	-	5.00	595,000	417,712			
2018	-	-	-	5.00	620,000	387,962			
2019	-	-	-	5.00	650,000	356,962			
2020-2024	-	-	-	5.00-4.25	3,685,000	1,275,337			
2025-2028	-	-	-	4.25-4.30	3,565,000	388,862			
Total		\$ 100,000	3,700		\$ 9,320,000	3,254,798			

Year Ended June 30,	Bond Issue March 8, 2012			Bond Issue June 24, 2015			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	1.10 %	\$ 246,000	2,706	3.00 %	\$ -	156,225	\$ 551,000	590,594	1,141,594
2017	-	-	-	3.00	-	156,225	595,000	573,937	1,168,937
2018	-	-	-	3.00	-	156,225	620,000	544,187	1,164,187
2019	-	-	-	3.00	100,000	154,725	750,000	511,687	1,261,687
2020-2024	-	-	-	3.00-2.50	2,325,000	676,813	6,010,000	1,952,150	7,962,150
2025-2028	-	-	-	2.50-3.00	3,505,000	204,925	7,070,000	593,787	7,663,787
Total		\$ 246,000	2,706		\$ 5,930,000	1,505,138	\$ 15,596,000	4,766,342	20,362,342

On June 24, 2015 the District issued \$5,930,000 of general obligation refunding bonds, with interest rates ranging from 2.50% to 3.00%, for a crossover refunding of a portion of the general obligation bonds issued June 1, 2008. The District entered in an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Treasury Securities. These securities were placed in an escrow account for the express purpose of paying \$5,650,000 of principal of the refunded general obligation bonds when they become callable on May 1, 2018, and the interest from November 1, 2015 to and including May 1, 2018 on the refunding bonds. After principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished. The present value of savings of the crossover refunding bonds is \$302,307.

Revenue Bonds

Details of the District’s June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ended June 30,	Issued March 24, 2015				
	Interest Rates	Principal	Interest	Total	
2016	2.50 %	\$ 185,000	129,166	314,166	
2017	2.50	190,000	97,125	287,125	
2018	2.50	195,000	92,375	287,375	
2019	2.50	200,000	87,500	287,500	
2020-2024	2.50	1,495,000	344,625	1,839,625	
2025-2029	2.50	1,805,000	137,625	1,942,625	
Total		<u>\$ 4,070,000</u>	<u>888,416</u>	<u>4,958,416</u>	

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,070,000 of bonds issued March 24, 2015. The bonds were issued for the purpose of a new athletic complex and locker room. The bonds are repayable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constructional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 5% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,958,416. For the current year, no principal or interest was paid on the bonds and total statewide sales, services and use tax revenues were \$667,604.

- a) The District makes monthly transfers to a debt sinking account held by the District’s bond paying agent.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

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, 2015, the District has obligations to two participants with a total liability of \$21,986.

(7) Pension and Plan

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

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$431,090.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,698,722 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was .066683 percent, which was a decrease of .002995 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$169,791. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,330	\$ -
Changes of assumptions	119,101	-
Net difference between projected and actual earnings on pension plan investments	-	1,029,215
Changes in proportion and differences between District contributions and proportionate share of contributions	-	137,818
District contributions subsequent to the measurement date	431,090	-
Total	<u>\$ 579,521</u>	<u>\$ 1,167,033</u>

\$431,090 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	
2016	\$ (254,824)
2017	(254,824)
2018	(254,824)
2019	(254,824)
2020	694
	<u>\$ (1,018,602)</u>

There were no non-employer contributing entities at IPERS.

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

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	2	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 5,099,160	\$ 2,698,722	\$ 672,504

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$54,452 for legally required employer contributions and \$36,281 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(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, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 54,433
Interest on net OPEB obligation	3,605
Adjustment to annual required contribution	<u>(8,176)</u>
Annual OPEB cost	49,862
Contributions made	<u>(4,083)</u>
Increase in net OPEB obligation	45,779
Net OPEB obligation beginning of year	<u>144,198</u>
Net OPEB obligation end of year	<u><u>\$ 189,977</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, 2015.

For the year ended June 30, 2015, the District contributed \$4,083 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	45,272	10.81%	102,858
2014	45,425	8.99%	144,198
2015	49,862	8.19%	189,977

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 \$270,492, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$270,492. The covered payroll (annual payroll of active employees covered by the plan) was \$4,425,424 and the ratio of the UAAL to covered payroll was 6.11%. As of June 30, 2015, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members 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%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

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, 2015 were \$526,799.

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 \$285,711 for the year ended June 30, 2015 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, 2015 is comprised of the following programs:

Program	Amount
Gifted and Talented Programs	\$ 57,499
Teacher Salary Supplement	5,073
Four-year-old Preschool State Aid	12,290
Successful Progression for Early Readers	17,907
Professional Development for Model Core Curriculum	13,624
Professional Development	791
Teacher Leadership Grants	21,842
Total	<u>\$ 129,026</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:

	Net investment in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund Balance (Exhibit C)	\$ -	5,982,125	187,703	1,647,614
Capital assets, net of accumulated depreciation	16,682,062	-	-	-
General obligation bond capitalized indebtedness	(9,651,148)	-	-	-
Escrow balance for crossover refunding bonds	-	(5,944,852)	-	-
Revenue bond indebtedness	(4,070,000)	-	-	-
Accrued interest payable	-	(37,273)	-	(64,893)
Total termination benefits payable	-	-	(21,986)	-
Income surtax	-	-	-	363,834
Compensated absences	-	-	-	(34,830)
Net pension liability	-	-	-	(2,632,873)
Deferred outflows of resources	-	-	-	565,855
Deferred inflows of resources	-	-	-	(1,138,557)
Net OPEB liability	-	-	-	(184,886)
Net position (Exhibit A)	<u>\$ 2,960,914</u>	<u>-</u>	<u>165,717</u>	<u>(1,478,736)</u>

(13) Deficit Unrestricted Net Position

At June 30, 2015, the District had deficit unrestricted net positions in its business type activities of \$35,299, and governmental activities of \$1,478,736.

(14) Accounting Change/Restatement

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

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 9,029,922	\$ 57,121
Net pension liability at June 30, 2014	(3,848,904)	(96,262)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	387,931	9,702
Net position July 1, 2014, as restated	<u>\$ 5,568,949</u>	<u>\$ (29,439)</u>

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, 2015

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 5,794,919	243,610	6,038,529	6,464,664	6,464,664	(426,135)
State sources	4,391,243	3,657	4,394,900	3,728,113	3,728,113	666,787
Federal sources	183,142	231,715	414,857	335,000	335,000	79,857
Total revenues	10,369,304	478,982	10,848,286	10,527,777	10,527,777	320,509
Expenditures/expenses:						
Instruction	5,793,943	-	5,793,943	5,726,040	6,100,000	306,057
Support services	2,851,360	4,038	2,855,398	2,991,572	2,991,572	136,174
Non-instructional programs	-	431,143	431,143	450,000	450,000	18,857
Other expenditures	2,807,041	-	2,807,041	2,007,885	3,550,000	742,959
Total expenditures/expenses	11,452,344	435,181	11,887,525	11,175,497	13,091,572	1,204,047
Excess(Deficiency) of revenues over(under) expenditures/expenses	(1,083,040)	43,801	(1,039,239)	(647,720)	(2,563,795)	1,524,556
Other financing sources, net	10,052,052	-	10,052,052	-	-	10,052,052
Excess of revenues and other financing sources over expenditures/expenses	8,969,012	43,801	9,012,813	(647,720)	(2,563,795)	11,576,608
Balances beginning of year	3,664,836	(29,439)	3,635,397	3,376,378	3,376,378	259,019
Balances end of year	\$ 12,633,848	14,362	12,648,210	2,728,658	812,583	11,835,627

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PANORAMA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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. During the year, the District adopted on budget amendment, increasing budgeted expenditures by \$1,916,075.

PANORAMA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2015

	2015
District's proportion of the net pension liability	0.066683%
District's proportionate share of the net pension liability	\$ 2,698,722
District's covered-employee payroll	\$ 4,827,435
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.90%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

Note: Only the current fiscal year is being presented using a June 30, 2014 measurement date because 10-year data is not yet available.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTION
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 431,090	397,633	390,716	365,955	307,470	309,336	282,069	243,667	214,713	208,035
Contributions in relation to the statutorily required contribution	<u>(431,090)</u>	<u>(397,633)</u>	<u>(390,716)</u>	<u>(365,955)</u>	<u>(307,470)</u>	<u>(309,336)</u>	<u>(282,069)</u>	<u>(243,667)</u>	<u>(214,713)</u>	<u>(208,035)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 4,827,436	4,452,777	4,506,528	4,534,758	4,424,029	4,450,878	4,442,031	4,027,554	3,734,139	3,618,000
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

PANORAMA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION- PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms

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

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

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

Changes of assumptions

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

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

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

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

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

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

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

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	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%
2015	July 1, 2012	-	\$ 270,492	270,492	0.0%	\$4,425,424	6.11%

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, 2015

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
Assets			
Cash and pooled investments	\$ 51,292	185,288	236,580
Receivables:			
Property tax:			
Delinquent	-	2,415	2,415
Succeeding year	-	225,000	225,000
Total assets	\$ 51,292	412,703	463,995
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 4,405	-	4,405
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	225,000	225,000
Fund balances:			
Restricted for:			
Student activities	46,887	-	46,887
Management levy purposes	-	187,703	187,703
Total fund balances	46,887	187,703	234,590
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 51,292	412,703	463,995

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, 2015

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	249,152	249,152
Other	257,175	7,513	264,688
State sources	-	2,296	2,296
Total revenues	<u>257,175</u>	<u>258,961</u>	<u>516,136</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	168,393	168,393
Other	248,289	-	248,289
Support services:			
Operation and maintenance of plant	-	92,986	92,986
Transportation	-	15,865	15,865
Total expenditures	<u>248,289</u>	<u>277,244</u>	<u>525,533</u>
Change in fund balances	8,886	(18,283)	(9,397)
Fund balances beginning of year	<u>38,001</u>	<u>205,986</u>	<u>243,987</u>
Fund balances end of year	<u>\$ 46,887</u>	<u>187,703</u>	<u>234,590</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PANORAMA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 4,384,871	297,393	4,682,264
Receivables:			
Property tax:			
Delinquent	-	3,477	3,477
Succeeding year	-	424,788	424,788
Accounts	2,544	-	2,544
Due from other governments	106,952	-	106,952
Total assets	\$ 4,494,367	725,658	5,220,025
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 154,744	-	154,744
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	424,788	424,788
Fund Balances:			
Restricted for:			
School infrastructure	4,339,623	-	4,339,623
Physical plant and equipment	-	300,870	300,870
Total fund balances	4,339,623	300,870	4,640,493
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,494,367	725,658	5,220,025

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, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	415,678	415,678
Other	21,527	4,826	26,353
State sources	667,604	3,242	670,846
Total revenues	<u>689,131</u>	<u>423,746</u>	<u>1,112,877</u>
Expenditures:			
Current:			
Instruction:			
Regular	129,670	1,346	131,016
Support services:			
Instructional staff	240,641	33,591	274,232
Operation and maintenance of plant	-	6,061	6,061
Transportation	-	82,955	82,955
Capital outlay	1,353,913	169,603	1,523,516
Total expenditures	<u>1,724,224</u>	<u>293,556</u>	<u>2,017,780</u>
Excess(deficiency) of revenues over(under) expenditures	(1,035,093)	130,190	(904,903)
Other financing sources(uses):			
Transfer out	(10,000)	-	(10,000)
Revenue bond proceeds	4,070,000	-	4,070,000
Total other financing sources(uses)	<u>4,060,000</u>	<u>-</u>	<u>4,060,000</u>
Change in fund balances	3,024,907	130,190	3,155,097
Fund balances beginning year	<u>1,314,716</u>	<u>170,680</u>	<u>1,485,396</u>
Fund balances end of year	<u>\$ 4,339,623</u>	<u>300,870</u>	<u>4,640,493</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PANORAMA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Drama	\$ 3,109	2,948	1,617	-	4,440
Dare	217	25	239	-	3
Speech	1,419	439	3,677	2,500	681
Volleyball	54	3,030	6,085	3,100	99
Track	459	1,523	5,265	3,350	67
Cross country	4	4,787	5,489	700	2
Golf	9	4,033	3,025	525	1,542
Strengthening/Conditioning	-	-	2,400	2,500	100
Girls basketball	107	4,230	4,971	680	46
Boys basketball	1,271	2,356	6,587	3,000	40
Football	26	27,746	19,556	-	8,216
Baseball	17	3,566	3,018	(1)	564
Softball	4	3,850	8,083	4,250	21
Wrestling	3	7,073	6,977	-	99
Misc athletics	56	1,880	9,365	9,060	1,631
Officials	360	-	15,445	15,501	416
Spanish Club	-	439	299	-	140
Tag	693	-	15	-	678
Student council	2,227	3,227	3,829	-	1,625
MS student council	1,278	2,298	2,009	-	1,567
National honor society	11	448	1,668	1,260	51
FCCLA	575	1,688	2,483	326	106
O-M	59	-	-	1	60
FFA	2,289	27,479	26,387	-	3,381
Panther greenhouse	615	-	-	-	615
Panther productions	123	-	-	-	123
Science	3,081	-	-	-	3,081
Java Jazz	-	350	300	-	50
Art club	815	275	995	100	195
Music club	3,819	28,460	29,374	(2)	2,903
Robotics club	64	-	-	1	65
Annual	3,701	7,400	6,668	-	4,433
Drill team	767	3,573	4,071	1,000	1,269
Cheerleaders	1,403	2,137	1,169	1	2,372
Wrestling cheerleaders	-	2,148	2,181	50	17
Technology	1,002	3,036	3,772	-	266
Panthers for prevention	695	-	-	-	695
Class of 2014	29	-	-	(29)	-
Class of 2015	413	7,305	7,380	14	352
Class of 2016	59	10,953	8,951	14	2,075
Class of 2017	-	2,343	1,602	-	741
General	7,168	86,130	43,337	(47,901)	2,060
Total	<u>\$ 38,001</u>	<u>257,175</u>	<u>248,289</u>	<u>-</u>	<u>46,887</u>

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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 4,937,716	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
Tuition	404,264	376,604	311,782	315,380	382,307	299,310	242,810	247,834	192,374	207,560
Other	452,939	416,023	401,946	472,313	774,441	702,039	647,675	426,889	441,007	336,040
State sources	4,391,243	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
Federal sources	183,142	161,154	183,355	312,606	381,705	657,685	270,123	203,754	632,518	227,920
Total	\$ 10,369,304	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
Expenditures:										
Instruction:										
Regular	\$ 3,728,503	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
Special	870,959	888,288	788,896	709,779	710,690	864,790	859,150	737,691	725,689	650,137
Other	1,194,481	1,210,204	1,112,609	1,199,094	1,127,251	645,318	859,248	827,814	730,338	694,011
Support services:										
Student	220,558	212,721	200,978	127,392	178,467	138,548	161,188	155,203	143,624	149,757
Instructional staff	604,224	508,912	422,634	409,375	313,037	257,493	234,925	251,045	194,186	175,573
Administration	810,516	762,038	690,722	699,762	644,362	746,704	716,889	691,361	649,260	566,893
Operation and maintenance of plant	653,684	681,173	696,993	690,082	698,061	620,151	578,408	588,541	559,253	515,332
Transportation	562,378	515,500	570,933	566,977	636,413	596,073	640,380	807,995	448,724	506,324
Non-instructional programs	-	-	-	-	-	-	-	38,960	17,891	15,771
Capital outlay	1,523,516	226,694	109,342	351,631	4,149,241	5,349,755	759,352	1,531,655	260,849	100,534
Long-term debt:										
Principal	555,000	535,000	535,000	490,000	482,608	472,612	457,612	370,000	365,000	270,000
Interest	442,814	452,366	463,235	515,030	530,674	545,090	533,124	111,705	119,005	328,156
Other expenditures:										
AEA flow-through	285,711	284,332	273,595	276,362	304,077	303,043	268,002	245,109	240,115	224,732
Total	\$ 11,452,344	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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Panorama Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 4, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

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 described in Part I of the accompanying Schedule of Findings as item I-A-15 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Panorama Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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. Panorama Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements 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.

January 4, 2016
Newton, Iowa

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 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 procedure 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.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - During the year ended June 30, 2015, expenditures did not exceed the amended certified budget amounts in any of the functional areas.

II-B-15 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-15 Business Transactions - Business transactions between the District and District officials are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Dave Simmons, Bus Driver Owns Highway 44 Enterprises, LLC	Supplies	\$626
Tina Arganbright, Elementary Secretary Husband owns Arganbright Land Improvement	Installation services	\$1,312
Father in-law owns Arganbright Construction	Construction services	\$6,700
Evan Babcock, Teacher Brother owns Bee Services	Supplies	\$5,983

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-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-15 Supplementary Weighting – We noted a supplementary weighting data certified to the Department of Education was overstated by .032 students.

Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response – The District will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion – Response accepted.

- II-I-15 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 were noted.
- II-J-15 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-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-15 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, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 1,314,716
Revenues:		
Other local revenues	\$ 21,527	
Sales tax revenues	667,604	
Sale of long-term debt	<u>4,070,000</u>	<u>4,759,131</u>
		6,073,847
Expenditures/transfer out:		
School infrastructure construction	1,371,413	
Equipment	352,811	
Transfer to other funds:		
Debt service fund	<u>10,000</u>	<u>1,734,224</u>
Ending balance		<u><u>\$ 4,339,623</u></u>

For the year ended June 30, 2015, the District reduced the following levy as a result of the monies received under Chapter 423E or 423F of the Code of Iowa:

	<u>Rate of Levy</u>	<u>Property</u>
	Reduction	Tax
	Per \$1000	Dollars
	of Taxable	Reduced
	<u>Valuation</u>	<u>Valuation</u>
Debt service levy	<u>\$ 0.02398</u>	<u>\$ 10,000</u>

II-M-15 Financial Condition - During our audit we noted that the District had deficit unrestricted net positions of \$1,478,736 in its governmental activities, and \$35,299 in its business type activities. The primary reason for these deficit net positions is due to the implementation of GASB No. 68 and No. 71 during the year.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB No. 68 and 71 will affect the District's financials moving forward.

Response – The District's governmental and business type activities went deficit due to the implementation of GASB No. 68 and 71 in fiscal year 2015, which require the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position.

Conclusion – Response accepted.