PRAIRIE LAKES
AREA EDUCATION AGENCY 8

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

June 30, 2015

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(Continued)

PRAIRIE LAKES AREA EDUCATION AGENCY 8

OFFICIALS

NAME	*TITLE*	*TERM EXPIRES*
Board of Directors		
Dean Saunders	President	2015
Steve Jimmerson	Vice President	2015
Pat Brown	Member	2017
Sue Brown	Member	2017
Todd Lundgren	Member	2015
Rick Morain	Member	2017
Gary Astor	Member	2017
Agency		
Jeff D. Herzberg	Chief Administrator	2016
Michelle R. Dowd	Chief Financial Officer/ Board Secretary and Board Treasurer	2016

SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

Independent Auditor's Report

To the Board of Directors of
Prairie Lakes Area Education Agency 8
Fort Dodge, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Prairie Lakes Area Education Agency 8 as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the Agency'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 Agency'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 Agency'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, each major fund and the aggregate remaining fund information of Prairie Lakes Area Education Agency 8 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 a Matter

As disclosed in Note 11 to the financial statements, Prairie Lakes Area Education Agency 8 adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. 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 Agency's Proportionate Share of the Net Pension Liability, the Schedule of Agency Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 12 and 41 through 45 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 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 Prairie Lakes Area Education Agency 8'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 nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2015 on our consideration of Prairie Lakes Area Education Agency 8's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Prairie Lakes Area Education Agency 8's internal control over financial reporting and compliance.

Schnurr & Company, LLP

Fort Dodge, Iowa
December 7, 2015

PRAIRIE LAKES AREA EDUCATION AGENCY 8

MANAGEMENT'S DISCUSSION AND ANALYSIS

Prairie Lakes Area Education Agency 8 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 Agency's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $24,664,788 in fiscal 2014 to $25,467,461 in fiscal 2015. The net increase in General Fund revenues was attributable to a net increase in state and federal revenue and a decrease in local revenues.
- General Fund expenditures increased from $25,852,571 in fiscal 2014 to $26,103,726 in fiscal 2015. The increase in General Fund expenditures was due primarily to an increase in services provided to local districts.
- The Agency's General Fund balance decreased from $3,126,572 at the end of fiscal 2014 to $2,376,066 at the end of fiscal 2015, a 24% decrease. One reason the General Fund balance decreased is because the services provided to local school districts were greater than the Agency's increase in General Fund revenue for fiscal year 2015. As a result, the Agency funded a portion of the current year General Fund services from the carryover fund balance.

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 Agency'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 Prairie Lakes Area Education Agency 8 as a whole and present an overall view of the Agency'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 the Agency's operations in more detail than the government-wide financial statements by providing information about the most significant funds.
- 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 Agency's budget for the year, the Agency'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 funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Agency.

USING THIS ANNUAL REPORT (Continued)

Reporting the Agency's Financial Activities

Government-wide Financial Statements

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

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

In the government-wide financial statements, the Agency's activities consist of the following:

- *Governmental activities*: The Agency's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. Local school districts, federal and state aid finance most of these activities.

Fund Financial Statements

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

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

The Agency has two kinds of funds:

- Governmental funds account for most of the Agency's basic services. These focus on how cash and other financial assets readily converted to cash flow in and out and the balances left at year-end available for spending. Consequently, the governmental fund financial 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 Agency's programs. The Agency's governmental funds include: 1) the General Fund, 2) the Special Revenue Funds and 3) the Debt Service Fund.

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

USING THIS ANNUAL REPORT (Continued)

Reporting the Agency's Financial Activities (continued)

Fund Financial Statements (continued)

- Fiduciary funds are funds through which the Agency administers and accounts for certain federal and/or state grants as a fiscal agent. The Agency 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 Agency excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Prairie Lakes Area Education Agency 8's net position at the end of fiscal 2015 totaled approximately negative $2 million. This compared to approximately $8 million at the end of fiscal 2014. The following analysis focuses on the net position and changes in net position:

	Condensed Statement of Net Position (Expressed in Thousands) Governmental Activities	
	2015	2014 (Not restated)
Assets		
Current and other assets	**$ 6,169**	$ 7,271
Capital assets	**5,012**	5,317
Total assets	**11,181**	12,588
Deferred Outflows of Resources		
Pension related deferred outflows	**2,359**	-
Liabilities		
Long-term liabilities	**9,445**	1,138
Other liabilities	**3,177**	3,525
Total liabilities	**12,622**	4,663
Deferred Inflows of Resources		
Pension related deferred inflows	**3,260**	-
Net Position		
Net investment in capital assets	**4,333**	4,517
Restricted	**497**	577
Unrestricted	**(7,172)**	2,831
Total net position	**$ (2,342)**	$ 7,925

The Agency's total net position decreased by 130%, or approximately $10,266,788 from fiscal 2014. The decrease occurred primarily in governmental activities as a result of providing more services to local school districts during the year ended June 30, 2015. The decrease in unrestricted net position was primarily due to the implementation of GASB 68 and the restatement of the beginning balance for net pension liability of $10,152,174.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following analysis details the changes in net position resulting from the Agency's activities:

Changes in Net Position (Expressed in Thousands)

	Governmental Activities	
	2015	2014 (Not restated)
Revenues:		
Program revenues:		
Charges for service	**$ 2,191**	$ 1,873
Operating grants and contributions	**12,188**	11,663
General revenues:		
Property tax	**6,151**	6,079
State foundation aid	**5,827**	5,539
Unrestricted investment earnings	**1**	5
Total revenues	**26,358**	25,159
Program expenses:		
Instruction	**1,061**	576
Student support services	**18,111**	18,019
Instructional staff support services	**2,208**	2,338
General administration	**910**	985
Business administration	**1,747**	1,551
Plant operations and maintenance	**777**	582
Central and other support services	**1,627**	2,179
Long-term debt interest	**32**	71
Total program expenses	**26,473**	26,301
(Decrease) in net position	**(115)**	(1,142)
Net position beginning of year	**(2,227)**	9,067
Net position end of year	**$ (2,342)**	$ 7,925

Property tax and state foundation aid account for 45% of the total revenue while operating grants and contributions from local, state and federal sources account for 46% of the total revenue. The Agency's expenses primarily relate to instruction and student and instructional staff support services, which account for 81% of the total expenses.

Governmental Activities

Revenues for governmental activities were $26,358,005 and expenses were $27,146,158. In a difficult budget year, the Agency was able to provide services needed by local school districts.

INDIVIDUAL FUND ANALYSIS

As previously noted, Prairie Lakes Area Education Agency 8 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Agency's governmental funds reported combined fund balances of $2,525,188, below last year's ending fund balances of $3,313,341. The primary reasons for the decrease in combined fund balances in fiscal year 2015 were the increased services provided to local school districts and the decrease in State Aid revenue for the Agency's share of the Area Education Agency system-wide $15 million cut in state funding passed by legislators in 2015.

Governmental Fund Highlights

- The Agency's decreasing General Fund financial position is the product of many factors, including the services needed by local school districts. The decrease in revenues required the Agency to use carryover fund balance to meet its financial obligations during the year.

- The General Fund balance decreased from $3,126,572 to $2,376,066 due, in part, to the additional services provided and the current year reduction in state aid.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Agency amended its budget once to reflect additional revenues and expenditures associated with the additional services needed and provided to the local school districts.

The Agency's total revenues were $61,274 less than total budgeted revenues, a variance of 0.2%. Total expenditures were $40,975 greater than budgeted, a variance of 0.1%.

A schedule showing the original and final budget amounts compared to the Agency's actual financial activity is included in the Required Supplementary Information section of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Agency had invested $5,012,561, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, computers and audio-visual equipment. This is a net decrease of $303,998 from last year. This decrease was primarily due to assets becoming fully depreciated during the fiscal year.

Prairie Lakes Area Education Agency 8 had depreciation expense of $283,146 in fiscal 2015 and total accumulated depreciation of $4,017,865 at June 30, 2015. More detailed information about capital assets is available in Note 3 to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-Term Debt

At June 30, 2015, the Agency had $680,000 in long-term debt outstanding compared to $800,000 at June 30, 2014. At June 30, 2015, the Agency had $216,068 in compensated absences and early retirement obligation compared to $337,981 at June 30, 2014. The Agency's net pension liability at June 30, 2015 was $8,549,184. More detailed information about the Agency's long-term liabilities is available in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- The Agency has experienced an annual decrease in the number of students enrolled in local districts for the past several years. That decrease is expected to continue, and since controlled funding is driven by the number of students enrolled, decreased funding from the state is anticipated for the upcoming fiscal year.

- The Agency has been notified to expect little or no increase in Federal IDEA funding for the immediate future.

- The Agency began construction of its new central facility located in Pocahontas, Iowa in October of 2005. Funding of the $2,490,000 project was financed by the sale of lease certificates. Repayment of principal and interest began in December of 2005 and will continue until June of 2025 with an average yearly payment of $183,091. The Agency called $800,000 of certificates of participation on June 1, 2014 as per section 4.08 of the Trust Agreement dated as of October 1, 2005. The additional principal payment was applied to the called certificates with maturity dates of 2025, 2024, 2023 and 2022 and the balance being applied to 2021. By taking this action, the Agency was able to save $311,897 in future interest payments.

- The 2003 Legislature reduced the Agency's fiscal year 2003/2004 state aid by $1,306,673 and also imposed a $995,807 fund balance reduction. The 2004 and 2005 Legislatures extended the $1,299,808 and $1,433,562 reductions to fiscal years 2004/05 and 2005/06, respectively. While a portion of the reduction was restored for 2006/07 to an amount of $1,160,503, for 2007/08 to $956,134, and for 2008/09 to $751,765. For 2009/10 the prorate reduction to the budget is $838,852. For 2010/11 the prorate reduction to the budget is $751,765. For fiscal years 2012/13 the Agency received a reduction in State Aid of approximately $1.4 million for each fiscal year. These represent the Agency's portion of a legislative passed $20 million cut to the state wide Area Education system. For fiscal year 2014/2015 and 2015/2016 the Agency received a reduction in State Aid of approximately $1,120,593 and $1,128,565. This represents the Agency's portion of a legislative passed $15 million cut to the state-wide Area Education system. These are permanent losses of revenue that the Agency does not have any means to recoup. These reductions have impacted the Agency's ability to provide services to schools and will continue to do so in future years.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer's Office of Prairie Lakes Area Education Agency 8, at 1235 5th Ave South, Fort Dodge, Iowa 50501.

BASIC FINANCIAL STATEMENTS

PRAIRIE LAKES AREA EDUCATION AGENCY 8 **Exhibit A**

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
Assets	
Cash and pooled investments	$ 3,158,363
Receivables:	
Accounts	756,091
Due from other governments	1,755,745
Prepaid expenses	810
Inventories	30,917
Capital assets, net of accumulated depreciation	5,012,561
Net OPEB asset	467,000
Total assets	11,181,487
Deferred Outflows of Resources	
Pension related deferred outflows	2,359,047
Liabilities	
Accounts payable	363,913
Salaries and benefits payable	2,645,404
Advances from grantors	167,421
Long-term liabilities:	
Portion due or payable within one year:	
Certificates of participation	125,000
Compensated absences	152,019
Early retirement obligation	44,844
Portion due or payable after one year:	
Certificates of participation	555,000
Net pension liability	8,549,184
Early retirement obligation	19,205
Total liabilities	12,621,990
Deferred Inflows of Resources	
Pension related deferred inflows	3,260,413

(Continued on next page)

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
Net Position	
Net investment in capital assets	$ 4,332,561
Restricted for:	
Debt service	149,122
Partial Self-Funding Health Insurance	287,945
Media materials	60,369
Unrestricted	(7,171,866)
Total net position	$ (2,341,869)

See Notes to Financial Statements.

PRAIRIE LAKES AREA EDUCATION AGENCY 8

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs:			
Governmental Activities:			
Instruction	$ 1,060,516	$ 641,021	$ 249,521
Student support services	18,110,521	-	11,172,353
Instructional staff support services	2,208,494	1,204,422	563,021
General administration	909,714	-	-
Business administration	1,747,316	130,284	-
Plant operations and maintenance	776,799	-	-
Central and other support services	1,627,369	215,338	88,770
Interest on long-term debt	31,890	-	114,240
Total governmental activities	$ 26,472,619	$ 2,191,064	$ 12,187,905

General Revenues:
Property taxes levied for general purposes
State Foundation aid
Unrestricted investment earnings
Total general revenues

Change in net position

Net position beginning of year, as restated

Net position end of year

See Notes to Financial Statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Position	
Governmental Activities	**Total**
$ (169,974)	$ (169,974)
(6,938,168)	(6,938,168)
(441,051)	(441,051)
(909,714)	(909,714)
(1,617,032)	(1,617,032)
(776,799)	(776,799)
(1,323,261)	(1,323,261)
82,350	82,350
(12,093,649)	(12,093,649)
6,150,696	6,150,696
5,827,359	5,827,359
981	981
11,979,036	11,979,036
(114,614)	(114,614)
(2,227,255)	(2,227,255)
$ (2,341,869)	$ (2,341,869)

PRAIRIE LAKES AREA EDUCATION AGENCY 8

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General	Special Revenue Special Education Instruction
Assets		
Cash and pooled investments	$ 2,913,252	$ 95,989
Receivables:		
Accounts	720,324	35,767
Due from other governments	1,755,745	-
Prepaid expenses	810	-
Inventories	30,917	-
Total assets	$ 5,421,048	$ 131,756
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ 339,049	$ 24,864
Salaries and benefits payable	2,592,868	52,536
Advances from grantors	113,065	54,356
Total liabilities	3,044,982	131,756
Fund Balances:		
Nonspendable:		
Inventories	30,917	-
Prepaid expenses	810	-
Restricted for:		
Debt service	-	-
Categorical funding	42,197	-
Partial Self Funding Health Insurance	287,945	-
Media materials	60,369	-
Committed for:		
Compensated absences	152,019	-
Early retirement obligation	64,049	-
Unassigned	1,737,760	-
Total fund balances	2,376,066	-
Total liabilities and fund balances	$ 5,421,048	$ 131,756

See Notes to Financial Statements.

Exhibit C

Nonmajor	Total
$ 149,122	$ 3,158,363
-	756,091
-	1,755,745
-	810
-	30,917
$ 149,122	$ 5,701,926
$ -	$ 363,913
-	2,645,404
	167,421
-	3,176,738
-	30,917
-	810
149,122	149,122
-	42,197
-	287,945
-	60,369
-	152,019
-	64,049
-	1,737,760
149,122	2,525,188
$ 149,122	$ 5,701,926

PRAIRIE LAKES AREA EDUCATION AGENCY 8 **Exhibit D**

RECONCILIATION OF THE BALANCE SHEET--
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015

Total governmental fund balances (page 16)		$ 2,525,188
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $9,030,426 and the accumulated depreciation is $4,017,865.		5,012,561
Pension related deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources	$ 2,359,047	
Deferred inflows of resources	(3,260,413)	(901,366)
Long-term liabilities, including certificates of participation, compensated absences, early retirement obligations and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(9,445,252)
The Net OPEB Asset is not due and receivable in the current period and, therefore, not reported in the governmental funds.		467,000
Net position of governmental activities (page 14)		$ (2,341,869)

See Notes to Financial Statements.

PRAIRIE LAKES AREA EDUCATION AGENCY 8

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Special Revenue: Special Education Instruction
Revenues:		
Local sources	$ 7,815,959	$ 641,021
State sources	8,159,656	249,521
Federal sources	9,491,846	-
Total revenues	25,467,461	890,542
Expenditures:		
Current:		
Instruction	200,282	890,542
Student support services	18,734,907	-
Instructional staff support services	2,061,800	-
General administration	971,800	-
Business administration	1,760,604	-
Plant operations and maintenance	750,094	-
Central and other support services	1,624,239	-
Debt service	-	-
Total expenditures	26,103,726	890,542
(Deficiency) of revenues (under) expenditures	(636,265)	-
Other financing sources (uses):		
Transfers in	-	-
Transfers out	(114,241)	-
Total financing sources (uses)	(114,241)	-
Change in fund balances	(750,506)	-
Fund balances, beginning of year	3,126,572	-
Fund balances, end of year	$ 2,376,066	$ -

See Notes to Financial Statements.

Exhibit E

Nonmajor	Total
$ 2	$ 8,456,982
-	8,409,177
-	9,491,846
2	26,358,005
-	1,090,824
-	18,734,907
-	2,061,800
-	971,800
-	1,760,604
-	750,094
-	1,624,239
151,890	151,890
151,890	27,146,158
(151,888)	(788,153)
114,241	114,241
-	(114,241)
114,241	-
(37,647)	(788,153)
186,769	3,313,341
$ 149,122	$ 2,525,188

PRAIRIE LAKES AREA EDUCATION AGENCY 8 **Exhibit F**

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 18)			$	(788,153)
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful lives of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:				
Expenditures for capital assets	$	200,658		
Depreciation expense		(283,146)		(82,488)
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.				(221,510)
Repayment of certificates of participation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.				120,000
The current year Agency 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.				1,445,169
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:				
Compensated absences		41,234		
Pension expense		(743,545)		
Early retirement obligation		80,679		
Other post-employment benefits		34,000		(587,632)
Change in net position of governmental activities (page 15)			$	(114,614)

See Notes to Financial Statements.

PRAIRIE LAKES AREA EDUCATION AGENCY 8 **Exhibit G**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
June 30, 2015

Assets	
Cash	$ 59,697
Total assets	59,697
Liabilities	
Due to other governments	59,697
Total liabilities	59,697
Net position	$ -

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Prairie Lakes Area Education Agency 8 is an intermediate school corporation established to identify and serve children who require special education. The Agency also provides media services and education support services. These programs and support services are provided to 40 school districts and 11 accreditable non-public schools in a 14-county area. The Agency is governed by a Board of Directors whose members are elected on a non-partisan basis.

The Agency'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, Prairie Lakes Area Education Agency 8 has included all funds, organizations, agencies, boards, commissions and authorities. The Agency 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 Agency are such that exclusion would cause the Agency'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 Agency 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 Agency. Prairie Lakes Area Education Agency 8 has no component units that meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation:

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by inter-governmental 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 Agency's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are 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 are 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, but can be removed or modified.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (continued):

Government-wide Financial Statements (continued) – 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 restricted to meeting the operational or capital requirements of a particular function. Unrestricted interest income 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 funds. 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.

The Agency reports the following major governmental funds:

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

The Special Revenue, Special Education Instruction Fund is used to account for a program where the Agency employs teachers to provide instruction to special education pupils. The actual costs of providing instructional services to the pupils are billed to the individual school districts.

The Agency also reports the following fiduciary fund:

The Agency Fund is used to account for assets held by the Agency as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting:

The Government-wide 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. 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Agency considers revenues to be available if they are collected within 60 days after year-end.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (continued):

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 Agency.

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 the terms of grant agreements, the Agency 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 Agency's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds that can be paid using either restricted or unrestricted resources, the Agency's policy is to pay the expenditure from the restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity:

Cash and Pooled Investments – Cash includes amounts in demand deposits and money market funds. Investments are stated at fair value and non-negotiable certificates of deposit are stated at cost.

Inventories – Inventories are stated at cost using the first-in, first-out method and consist of expendable supplies and materials. The cost of these items is recorded as an expenditure at the time of consumption.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported 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 repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Agency as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Land	No lower limit
Buildings	$ 5,000
Building improvement	5,000
Vehicles	5,000
Furniture and equipment	5,000
Library books	Aggregated annual purchases

Note 1. Summary of Significant Accounting Policies (Continued)

D. <u>Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued):</u>

Capital assets of the Agency are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Building improvement	15
Vehicles	5
Furniture and equipment	10
Library books	5

<u>Deferred Outflows of resources</u> – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so 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.

<u>Salaries and Benefits Payable</u> – Payroll and related expenses for all licensed staff with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

<u>Advances from Grantors</u> – Grant proceeds which have been received by the Agency but will be spent in a succeeding fiscal year.

<u>Compensated Absences</u> – Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment until termination, death or retirement. A liability has been recorded in the Statement of Net Position representing the Agency's commitment to fund non-current compensated absences. This 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 primarily by the General and Special Revenue Funds.

<u>Long-term Liabilities</u> – 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.

<u>Pensions</u> – 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.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued):

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Directors through resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same action it employed to commit these amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

F. Subsequent Events

Subsequent events have been evaluated through December 7, 2015, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 2. Cash and Pooled Investments

The Agency's deposits in banks at June 30, 2015, were entirely covered by Federal depository insurance or by the State sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency 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 Directors; 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 Agency had the following investments:

Type	Amortized Cost
Wells Fargo Advantage 100% Treasury Money Market Fund	$ 149,122

The investments in the money market portfolio are valued at fair value. The investments in the money market portfolio are rated AAAm by Standard and Poor's Financial Services.

Interest Rate Risk – The Agency's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Agency.

Note 3. Capital Assets

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 157,212	**$ -**	**$ -**	**$ 157,212**
Total capital assets not being depreciated	157,212	**-**	**-**	**157,212**
Capital assets being depreciated:				
Buildings and improvements	5,162,735	**106,841**	**-**	**5,269,576**
Furniture and equipment	1,353,067	**30,793**	**-**	**1,383,860**
Vehicles	99,411	**-**	**-**	**99,411**
Library books and films	2,943,383	**63,024**	**886,040**	**2,120,367**
Total capital assets being depreciated	9,558,596	**200,658**	**886,040**	**8,873,214**
Less accumulated depreciation for:				
Buildings and improvements	1,330,600	**119,955**	**-**	**1,450,555**
Furniture and equipment	794,135	**117,726**	**-**	**911,861**
Vehicles	90,599	**3,812**	**-**	**94,411**
Library books and films	2,183,915	**41,653**	**664,530**	**1,561,038**
	4,399,249	**283,146**	**664,530**	**4,017,865**
Total capital assets being depreciated, net	5,159,347	**(82,488)**	**221,510**	**4,855,349**
Governmental activities capital assets, net	$ 5,316,559	**$ (82,488)**	**$ 221,510**	**$ 5,012,561**

Depreciation expense was charged to functions of the Agency as follows:

Governmental activities:	
Student support services	$ 6,641
Instructional staff support services	48,203
General administration/building administration	87,484
Plant operations and maintenance	137,006
Central and other support services	3,812
Total depreciation expense - governmental activities	$ 283,146

Note 4. Long-term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year (as restated)	Additions	Reductions	Balance End of Year	Due Within One Year
Certificates of Participation	$ 800,000	**$ -**	**$ 120,000**	**$ 680,000**	$ 125,000
Compensated absences	193,253	**1,345**	**42,579**	**152,019**	152,019
Early retirement obligation	144,728	**-**	**80,679**	**64,049**	44,844
Net pension liabiity	11,411,820	**-**	**2,862,636**	**8,549,184**	-
	$ 12,549,801	**$ 1,345**	**$ 3,105,894**	**$ 9,445,252**	$ 321,863

Certificates of Participation:

The Agency has sold Certificates of Participation for the construction of the office facility in Pocahontas, Iowa, for a total of $2,490,000. The Certificates of Participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over a period of twenty years with an interest rate ranging from 3.5% to 4.35%. The Agency called $800,000 of the Certificates of Participation on June 1, 2015 as per section 4.08 of the Trust Agreement dated as of October 1, 2005. The additional principal payment was applied to the called Certificates with maturity dates of 2025, 2024, 2023 and 2022 and the balance being applied to 2021. By taking this action, the Agency was able to save $311,897 in future interest payments. The following is a schedule by year of the future minimum payments required:

Year Ending June 30,	Principal	Interest	Total
2016	$ 125,000	$ 27,390	$ 152,390
2017	125,000	22,578	147,578
2018	135,000	17,577	152,577
2019	140,000	12,177	152,177
2020	155,000	6,858	161,858
Total	$ 680,000	$ 86,580	$ 766,580

Payments on the Certificates of Participation for the Pocahontas facility for the year ended June 30, 2015, including interest totaled $151,890.

Early Retirement Obligation:

The Agency offered a voluntary early retirement plan to its employees in previous years; however, this policy ended effective July 1, 2009.

At June 30, 2015, the Agency has obligations to 9 participants with a total liability of $64,049. Actual early retirement expenditures for the year ended June 30, 2015 totaled $80,679.

Note 5. Operating Leases

The Agency has leased various facilities within the area to support and house the different regions of the Agency. These leases have been classified as operating leases and accordingly, all rents are charged to expenditures as incurred. The leases expire between June 30, 2015 and June 30, 2016. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015.

Year Ending June 30,	Amount
2016	$ 79,000

The total rental expenditures for the year ended June 30, 2015 for all operating leases, except those with terms of a month or less that were not renewed, was $94,842.

Note 6. Lease of Office Space

The Agency, as lessor, leases 55% of a building as office space to several entities. The lease terms expire in various years through 2019 and range from $14,826 to $30,000 per lease annually.

At June 30, 2015 future minimum lease payments receivable under noncancelable operating leases are as follows:

Year Ending June 30,	Amount
2016	$ 67,305
2017	44,826
2018	14,826
2019	14,826
	$ 141,783

Note 7. Pension Plan

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

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

Pension Benefits: A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching 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.

Note 7. Pension Plan (Continued)

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 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 Agency contributed 8.93 percent for a total rate of 14.88 percent.

The Agency's contributions to IPERS for the year ended June 30, 2015 were $1,445,169.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the Agency reports a liability of $8,549,184 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 Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Agency's collective proportion was 0.215567 percent, which was an increase of 0.016813 percent from it's proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Agency recognized pension expense of $743,545. At June 30, 2015, the Agency 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	$ 92,913	$ -
Changes of assumptions	377,295	-
Net difference between projected and actual earnings on pension plan investments	-	3,260,413
Changes in proportion and differences between Agency contributions and proportionate share of contributions	443,670	-
Agency contributions subsequent to the measurement date	1,445,169	-
	$ 2,359,047	$ 3,260,413

Note 7. Pension Plan (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued): $1,445,169 reported as deferred outflows of resources related to pensions resulting from the Agency 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,		Total
2016	$	(601,580)
2017		(601,580)
2018		(601,580)
2019		(601,581)
2020		59,786
	$	(2,346,535)

There are 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 groups.
Long-term investement 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.

Note 7. Pension Plan (Continued)

Actuarial Assumptions (continued): 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Inco	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
	100%	

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Agency's proportionate share	$ 16,153,444	$ 8,549,184	$ 2,130,402

Note 7. Pension Plan (Continued)

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 Agency reported payables to the defined benefit pension plan of $107,669 for legally required employer contributions and $71,738 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Other Postemployment Benefits (OPEB)

Plan Description: The Agency operates a single-employer health benefit plan that provides medical and prescription drug benefits for employees, retirees and their spouses. There are 253 active and 25 retired members in the plan. Participants must be age 55 or older at retirement.

The medical and 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 benefits 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 Agency. The Agency currently finances the retiree benefit plan on a pay-as-you-go basis.

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

The following table shows the components of the Agency's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the Agency's net OPEB obligation:

Interest on net OPEB obligation	$	163,000
Adjustment to annual required contribution		(17,000)
Annual OPEB cost		24,000
Contributions made		170,000
Decrease in net OPEB obligation		(204,000)
Net OPEB obligation beginning of year		(34,000)
		(433,000)
Net OPEB obligation end of year		
	$	(467,000)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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.

Note 8. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (continued): For the year ended June 30, 2015, the Agency contributed $204,000 to the medical plan and plan members eligible for benefits contributed $112,000, or 55% of the premium cost.

The Agency'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	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	$ 274,000	131.02 %	$ (208,000)
June 30, 2012	274,000	131.02	(293,000)
June 30, 2013	204,000	134.31	(363,000)
June 30, 2014	204,000	134.31	(433,000)
June 30, 2015	**170,000**	**120.00**	**(467,000)**

Funded Status and Funding Progress: As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $1.251 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1.251 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately $14.944 million, and the ratio of the UAAL to covered payroll was 8.4%. 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit method was used. The actuarial assumptions include a 4.0% discount rate based on the Agency's funding policy. The projected annual medical trend rate is 8.0%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate. An inflation rate of 0.0% is assumed for the purpose of this computation.

Note 8. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions (continued): Mortality rates are from the RP-2014 Group Annuity Mortality Table projected to 2030 using scale MP-2014, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are $635 per month for retirees less than age 65 and $635 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Risk Management

The Agency 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 Agency 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.

The Agency has a partial self-funded health plan for its employees. The Agency assumes liability for the difference between a higher deductible and higher out-of-pocket maximum plan than the plan offered to the employees. The plan purchased by the Agency has a deductible and out-of-pocket maximum 2.5 times the plan offered to the employees. The Agency also self-funds the difference between the prescription benefit and the co-pay amount.

At June 30, 2015, the Agency's reserve was $287,945.

Note 10. Early Childhood Iowa Area Board

The Agency is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 2561 of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the Agency's financial statements as an Agency Fund because of the Agency's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2015:

	Early Childhood	School Ready	Total
Additions:			
State of Iowa grants:			
Early childhood	$ 61,152	$ -	$ 61,152
Family support and parent education	-	237,327	237,327
Preschool support for low-income families	-	104,204	104,204
Quality improvement	-	58,894	58,894
Allocation for administration	-	13,151	13,151
Other grant programs	-	25,278	25,278
Total revenues	61,152	438,854	500,006
Deductions:			
Program services:			
Early childhood	56,174	-	56,174
Family support and parent education	-	237,968	237,968
Preschool support for low-income families	-	110,450	110,450
Quality improvement	-	57,602	57,602
Other grant programs	-	24,992	24,992
Total program services	56,174	431,012	487,186
Administration	2,702	10,887	13,589
Total expenditures	58,876	441,899	500,775
Change in fund balance	2,276	(3,045)	(769)
Fund balances, beginning of year	2,131	58,335	60,466
Fund balances, end of year	$ 4,407	$ 55,290	$ 59,697

Note 11. 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 that 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 activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after measurement date, as follows:

	Governmental Activities
Net position June 30, 2014, as previously reported	$ 7,924,919
Net pension liability at June 30, 2014	(11,411,820)
Deferred outflows of resources related to prior year contributions	1,259,646
Net position July 1, 2014, as restated	$ (2,227,255)

PRAIRIE LAKES AREA EDUCATION AGENCY 8

REQUIRED SUPPLEMENTARY INFORMATION

PRAIRIE LAKES AREA EDUCATION AGENCY 8

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -- BUDGET AND ACTUAL -- ALL GOVERNMENTAL FUNDS
Required Supplementary Information
Year Ended June 30, 2015

	Governmental Fund Types Actual	Total Actual
Revenues:		
Local sources	$ 8,456,982	$ 8,456,982
State sources	8,409,177	8,409,177
Federal sources	9,491,846	9,491,846
Total revenues	26,358,005	26,358,005
Expenditures/Expenses:		
Current:		
Instruction	1,090,824	1,090,824
Student support services	18,734,907	18,734,907
Instructional staff support services	2,061,800	2,061,800
General administration	971,800	971,800
Business administration	1,760,604	1,760,604
Plant operations and maintenance	750,094	750,094
Central and other support services	1,624,239	1,624,239
Debt service	151,890	151,890
Total expenditures/expenses	27,146,158	27,146,158
(Deficiency) of revenues (under) expenditures/expenses	(788,153)	(788,153)
Balance, beginning of year	3,313,341	3,313,341
Balance, end of year	$ 2,525,188	$ 2,525,188

See accompanying Independent Auditor's Report.

Budget		Final to Actual Variance Favorable
Original	Final	(Unfavorable)
$ 8,362,380	$ 8,289,310	$ 167,672
9,573,467	8,453,451	(44,274)
7,993,372	9,676,518	(184,672)
25,929,219	26,419,279	(61,274)
1,380,000	1,214,346	123,522
16,864,940	17,870,116	(864,791)
2,214,827	2,377,848	316,048
905,749	1,012,596	40,796
2,330,162	2,267,822	507,218
667,444	643,921	(106,173)
1,566,097	1,566,644	(57,595)
-	151,890	-
25,929,219	27,105,183	(40,975)
-	(685,904)	(102,249)
2,460,610	3,313,341	-
$ 2,460,610	$ 2,627,437	$ (102,249)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2015

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

The Agency's Board of Directors annually prepares a budget on a basis consistent with U.S. generally accepted accounting principles for all funds except Agency Funds. Although the budget document presents function expenditures/expenses by fund, the legal level of control is at the total expenditure/expense level, not by fund. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board.

For the year ended June 30, 2015, the Agency's expenditures/expenses exceeded the approved budget.

PRAIRIE LAKES AREA EDUCATION AGENCY 8

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Iowa Public Employees' Retirement System
Last Fiscal Year *
(In Thousands)

Required Supplementary Information

		2015
Agency's portion of the net pension liability		**0.215567%**
Agency's proportionate share of the net pension liability	**$**	**8,549**
Agency's covered-employee payroll	**$**	**14,295**
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll		**59.80%**
Plan fiduciary net position as a percentage of the total pension liability		**87.61%**

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

See accompanying Independent Auditor's Report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the Agency will present information for those years for which information is available.

PRAIRIE LAKES AREA EDUCATION AGENCY 8

SCHEDULE OF AGENCY CONTRIBUTIONS
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contribution	**$ 1,445**	$ 1,277	$ 1,142	$ 1,015
Contributions in relation to the statutorily required contribution	**(1,445)**	(1,277)	(1,142)	(1,015)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
Agency's covered-employee payroll	**$ 16,183**	$ 14,295	$ 13,169	$ 12,582
Contributions as a percentage of covered-employee payroll	**8.93%**	8.93%	8.67%	8.07%

See accompanying Independent Auditor's Report.

2011		2010		2009		2008		2007		2006	
$	941	$	930	$	811	$	838	$	725	$	665
	(941)		(930)		(811)		(838)		(725)		(665)
$	-	$	-	$	-	$	-	$	-	$	-
$	13,545	$	13,990	$	12,778	$	13,853	$	12,612	$	11,570
	6.95%		6.65%		6.35%		6.05%		5.75%		5.75%

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 3.00 percent per year measured from the member's first unreduced retirement age to a 6.00 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 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 contribution rate.

Changes of assumptions (continued):

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.

PRAIRIE LAKES AREA EDUCATION AGENCY 8

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN (In Thousands)
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
2011	July 1, 2010	$ -	$ 2,352	$ 2,352	0.00	$ 13,254	17.75%
2012	July 1, 2010	-	2,352	2,352	0.00	12,483	18.84
2013	July 1, 2012	-	1,629	1,629	0.00	13,126	12.41
2014	July 1, 2012	-	1,629	1,629	0.00	13,908	11.71
2015	**July 1, 2014**	**-**	**1,251**	**1,251**	**0.00**	**14,944**	**8.37**

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

PRAIRIE LAKES AREA EDUCATION AGENCY 8 **Schedule 1**

BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND
Year Ended June 30, 2015

	Debt Service
Assets	
Cash and pooled investments	$ 149,122
Total assets	$ 149,122
Liabilities and Fund Balances	
Liabilities:	$ -
Total liabilities	-
Fund balances:	
Restricted for:	
Debt service	149,122
Total fund balances	149,122
Total liabilities and fund balances	$ 149,122

See accompanying Independent Auditor's Report.

PRAIRIE LAKES AREA EDUCATION AGENCY 8 **Schedule 2**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND
Year Ended June 30, 2015

	Debt Service
Revenues:	
Local sources	$ 2
Total revenues	2
Expenditures:	
Debt service	151,890
Total expenditures	151,890
(Deficiency) of revenues (under) expenditures	(151,888)
Other financing sources:	
Transfers in	114,241
Change in fund balance	(37,647)
Fund balances beginning of year	186,769
Fund balances end of year	$ 149,122

See accompanying Independent Auditor's Report.

PRAIRIE LAKES AREA EDUCATION AGENCY 8 **Schedule 3**

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash	$ 60,466	**$ 500,006**	**$ 500,775**	**$ 59,697**
Total assets	$ 60,466	**$ 500,006**	**$ 500,775**	**$ 59,697**
Liabilities:				
Due to other governments	$ 60,466	**$ 500,006**	**$ 500,775**	**$ 59,697**
Total liabilities	$ 60,466	**$ 500,006**	**$ 500,775**	**$ 59,697**

See accompanying Independent Auditor's Report.

PRAIRIE LAKES AREA EDUCATION AGENCY 8

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -- ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Local	**$ 8,456,982**	$ 8,927,821	$ 7,503,344	$ 7,508,883
State	**8,409,177**	7,994,815	7,517,247	7,256,771
Federal	**9,491,846**	8,236,347	8,324,354	7,815,655
Total	**$ 26,358,005**	$ 25,158,983	$ 23,344,945	$ 22,581,309
Expenditures:				
Current:				
Instruction	**$ 1,090,824**	$ 578,952	$ 502,061	$ 480,958
Student support services	**18,734,907**	18,206,259	16,398,182	9,889,858
Instructional staff support services	**2,061,800**	2,290,147	2,075,943	7,640,591
General administration	**971,800**	975,125	848,890	848,990
Business administration	**1,760,604**	1,508,670	1,467,786	1,218,065
Plant operations and maintenance	**750,094**	620,093	625,547	550,510
Central and other support services	**1,624,239**	2,167,518	2,146,578	2,138,593
Facilities acquisition and construction	-	-	-	-
Debt service	**151,890**	985,968	185,368	184,305
Total	**$ 27,146,158**	$ 27,332,732	$ 24,250,355	$ 22,951,870

See accompanying Independent Auditor's Report.

Schedule 4

Modified Accrual Basis
Years Ended June 30,

2011	2010	2009	2008	2007	2006
$ 7,430,401	$ 7,214,831	$ 7,255,444	$ 6,997,952	$ 6,592,704	$ 9,443,187
8,662,465	7,898,189	8,816,888	8,029,311	6,958,751	6,089,199
9,729,231	14,630,063	10,430,610	9,675,510	9,890,074	9,574,428
$ 25,822,097	$ 29,743,083	$ 26,502,942	$ 24,702,773	$ 23,441,529	$ 25,106,814
$ 656,783	$ 629,039	$ 598,745	$ 600,462	$ 649,697	$ 600,311
10,216,925	14,744,364	11,653,983	16,383,637	13,731,170	12,479,304
7,835,633	7,934,751	8,852,222	2,653,162	3,797,579	3,901,029
811,244	840,582	851,999	773,114	831,913	1,908,045
1,018,588	934,201	1,024,100	733,729	914,375	1,510,205
894,022	886,035	609,018	671,640	841,481	904,188
2,343,009	2,568,216	2,550,666	2,579,110	2,472,812	859,689
-	-	-	60	308,677	2,199,463
312,055	242,380	280,624	278,161	886,673	279,652
$ 24,088,259	$ 28,779,568	$ 26,421,357	$ 24,673,075	$ 24,434,377	$ 24,641,886

PRAIRIE LAKES AREA EDUCATION AGENCY 8 **Schedule 5**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Project Title	CFDA Number	Pass-through Grantor's Number	Expenditures
U. S. Department of Education:			
Passed-through Iowa Department of Education:			
Special Education Cluster (IDEA):			
Special Education - Grants to States:			
Early Childhood Education for the Handicapped	84.027	131408	$ 7,098,733
Early Childhood Education LEA Flow Through	84.027	131408	1,528,430
Parent Educator Connection Project	84.027	4K7408	88,770
Iowa AYP Alternative Assessment	84.027	011515	3,789
Iowa Core Significant Disabilities Team	84.027	046715	1,140
Iowa SLP Leadership Grant	84.027	004615	4,840
Special Education - Preschool Grants (IDEA Preschool) Section 619, Ages 3-5:			
Part B - Section 619, Ages 3-5	84.173	13619-08	255,884
Special Education - Grants for Infants and Families with Disabilities - Part C:			
Part C	84.181	C1314-08	205,599
Department of Education Grants:			
Safe and Drug Free Schools & Communities	84.184	020015	37,500
Miscellaneous 94-142:			
Title III ELL	84.365	15ELA-03	204,715
Iowa Culture & Language Conference	84.365	043714	15,000
U. S. Department of Health and Human Services:			
Passed-Through Iowa Department of Human Services:			
Medical Assistance Program Title 19 Medicaid Reimbursement:			
Title 19 Medicaid Reimbursement	93.778		4,614
Part C Infants and Toddlers Reimbursement	93.778		42,832
Total expenditures of federal awards			$ 9,491,846

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of Prairie Lakes Area Education Agency 8 and is presented on the modified accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor’s Report.

**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**

SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

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 Directors of
Prairie Lakes Area Education Agency 8
Fort Dodge, Iowa

We have audited 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Prairie Lakes Area Education Agency 8 as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Prairie Lakes Area Education Agency 8's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Prairie Lakes Area Education Agency 8's internal control. Accordingly, we do not express an opinion on the effectiveness of Prairie Lakes Area Education Agency 8'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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which 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 Prairie Lakes Area Education Agency 8'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 noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Prairie Lakes Area Education Agency 8'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 Prairie Lakes Area Education Agency 8. 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.

Prairie Lakes Area Education Agency 8's Responses to Findings

Prairie Lakes Area Education Agency 8's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Prairie Lakes Area Education Agency 8'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schnurr & Company, LLP

Fort Dodge, Iowa
December 7, 2015

PRAIRIE LAKES AREA EDUCATION AGENCY 8

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

SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

Independent Auditor's Report
on Compliance for Each Major Federal Program
and on Internal Control over Compliance
Required by OMB Circular A-133

To the Board of Directors of
Prairie Lakes Area Education Agency 8
Fort Dodge, Iowa

Report on Compliance for Each Major Federal Program

We have audited Prairie Lakes Area Education Agency 8's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Prairie Lakes Area Education Agency 8's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Prairie Lakes Area Education Agency 8's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Prairie Lakes Area Education Agency 8's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Prairie Lakes Area Education Agency 8's compliance.

Opinion on Each Major Federal Program

In our opinion, Prairie Lakes Area Education Agency 8 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Prairie Lakes Area Education Agency 8 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Prairie Lakes Area Education Agency 8's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Prairie Lakes Area Education Agency 8's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Prairie Lakes Area Education Agency 8's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Prairie Lakes Area Education Agency 8's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Schnurr & Company, LLP

Fort Dodge, Iowa
December 7, 2015

PRAIRIE LAKES AREA EDUCATION AGENCY 8

Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

(a) Unmodified opinions were issued on the financial statements.

(b) No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No significant deficiencies or material weaknesses in internal control over the major federal award programs were disclosed by the audit of the financial statements.

(e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

- ❖ Special Education Cluster (IDEA):
    - CFDA Number 84.027 – Special Education - Grants to States
    - CFDA Number 84.173 – Special Education - Preschool Grants

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Prairie Lakes Area Education Agency 8 qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Material Weakness:

No matters were noted.

Instances of Non-Compliance:

No matters were noted.

Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget – Expenditures during the year ended June 30, 2015 exceeded the amount budgeted.

Recommendation – The certified budget should have been amended by sufficient amounts in accordance with the Code of Iowa before expenditures were allowed to exceed the budget.

Agency Response – The Agency is limited in being able to amend their budget only once a year as the Department of Education only recognizes an amendment from the Agency at the time of the filing of the Agency's next year's budget, which is due February 10th. The Agency did amend their 2014-2015 budget to reflect a more accurate picture on February 20, 2015. The Agency will attempt to better predict their expenditures to prevent this from happening in the future.

Conclusion – Response accepted.

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

IV-C-15 Travel Expense – No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

IV-D-15 Business Transactions – No business transactions between the Agency and Agency officials or employees were noted.

IV-E-15 Bond Coverage – Surety bond coverage of Agency officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-15 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-15 Deposits and Investments – No instances of non-compliance with the deposits and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.

Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting (Continued):

IV-H-15 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-I-15 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-J-15 Early Childhood Iowa Area Board – Prairie Lakes Area Education Agency 8 is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the Agency's financial statements as an Agency Fund because of the Agency's fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of audit procedures performed.

IV-K-15 Financial Condition – The Agency's governmental activities has a deficit net position of $2,341,869 at June 30, 2015.

Recommendation – The Agency should investigate alternatives to eliminate this deficit to return this fund to a sound financial position.

Response – The deficit was the result of recognizing the Agency's proportionate share of IPERS' net pension liability. The Agency realizes this liability is not due and payable immediately. Rather the pension liability will be paid down over a period of time with the Agency's future employer share of IPERS contributions.

Conclusion – Response accepted.