

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2009**

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OFFICIALS

Name	Title	Term Expires
Board of Education (Before September 2008 Election)		
Gary Griebel	President	2009
Eunice Schladetzky	Vice President	2008
Ron Kilburg	Board Member	2008
Kevin Lundin	Board Member	2010
Curt Hammond	Board Member	2009
Board of Education (After September 2008 Election)		
Gary Griebel	President	2009
Kevin Lundin	Vice President	2011
Curt Hammond	Board Member	2009
Janet Sieverding	Board Member	2011
Martha Montgomery-Henning	Board Member	2011
School Officials		
Mike Healy	Superintendent	2009
Penny Medinger	District Secretary/Treasurer	2009
Ahlers & Cooney, P.C.	Attorney	2009

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

G.L. HARDIN, CPA
W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. MCCARTHY, CPA
E.A. SCHILLING, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Bellevue Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District at June 30, 2009 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 15, 2010, on our consideration of Bellevue Community School District'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 and should be considered in assessing the results of our audit.

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Management's Discussion and Analysis and budgetary comparison information are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellevue Community School District's basic financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks & Co, P.C

Dubuque, Iowa
February 15, 2010

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bellevue Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- General Fund revenues increased from \$5,701,909 in fiscal 2008 to \$6,036,466 in fiscal 2009, for a total increase of \$334,557. Revenues from property tax increased \$118,176, revenues from tuition (open enrollment, special education, preschool) increased \$4,846, other local revenues increased \$12,950; revenues from intermediate sources decreased \$5,139; revenues from state sources increased \$98,158; while revenues from federal sources increased \$105,566. State and federal increases were due in part to the "American Recovery and Reinvestment Act" or "ARRA". This was economic stimulus funding handed out by the federal government.
- General Fund expenditures decreased slightly from \$5,910,295 in fiscal 2008 to \$5,881,442 in fiscal 2009, a total decrease of \$28,853.
- The District's General Fund balance increased from \$725,420 in fiscal 2008 to \$880,444 in fiscal 2009, a 21% increase from the prior year.
- The District's total tax levy rate for FY09 increased by \$0.11. The General Fund tax rate decreased by \$0.22 mainly due to a \$13,132,968 increase in valuation. The Management levy was increased by \$0.01 because the district has increased the management fund balance to an acceptable level to prepare for several anticipated early retirements. The PPEL levy was increased by \$0.32 to fully fund the \$1.34 levy allowed by voter approval.
- The state authorized a 4% increase in new monies for school districts in FY09, but due to a decrease in enrollment (644.4 in FY08 to 620.7 in FY09) the Bellevue School District only realized a 3% increase.
- The State issued a 1.5% across the board cut in the spring of 2009 which resulted in a \$42,077 loss of cash to the school district.

Overview of the Financial Statements

This annual report consists of three parts: management’s discussion and analysis (this Section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide both short-term and long-term information about the District’s overall financial status.
- The Fund Financial Statements focus on individual parts of the District, reporting the District’s operations in more detail than the government-wide statements by providing information about the most significant funds. The governmental funds statements explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending. The proprietary fund statements offer short-term and long-term financial information about the activities the District operates like a business, such as food services. The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the Statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Other Supplementary Information provides detailed information about the nonmajor governmental funds.

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

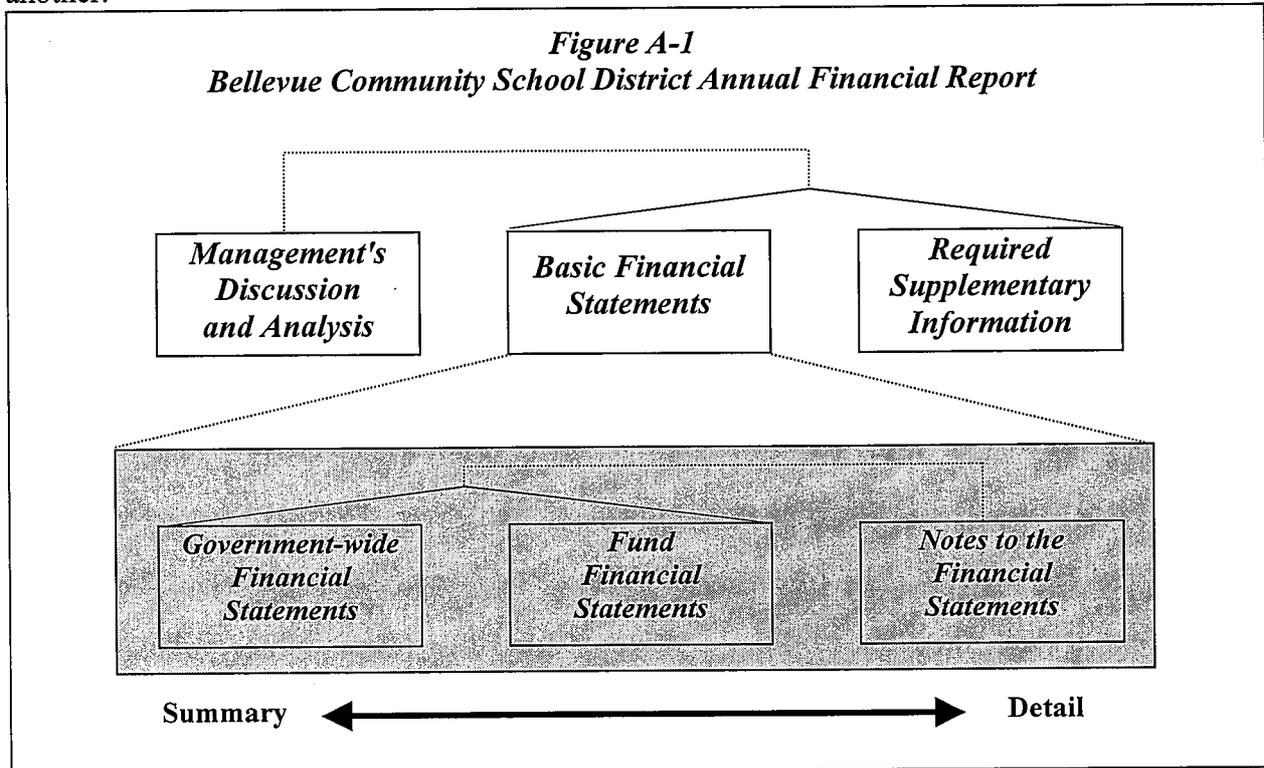


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2				
Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as the Big East Conference
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

Internal service funds, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Agency funds.

Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures. The District currently maintains agency funds for the Big East Conference and the Community Partnership for the Protection of Children.

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

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Financial Analysis of the District as a Whole

Figure A-3 provides a summary of the District's net assets for the year ended June 30, 2009 compared to June 30, 2008.

Figure A-3							
Condensed Statement of Net Assets							
	Governmental		Business Type		Total		Total Change June 30, 2008-2009
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2008	2009	2008	2009	2008	2009	
Current and other assets	\$4,878,738	\$5,019,618	\$ 50,640	\$ 46,753	\$4,929,378	\$5,066,371	2.7%
Capital assets	2,900,769	2,993,999	7,130	5,250	2,907,899	2,999,249	3.1%
Total Assets	\$7,779,507	\$8,013,617	\$ 57,770	\$ 52,003	\$7,837,277	\$8,065,620	2.9%
Long-term liabilities	\$ 381,057	\$ 287,344	\$ -	\$ -	\$ 381,057	\$ 287,344	-24.5%
Other liabilities	3,192,539	2,967,219	20,608	18,361	3,213,147	2,985,580	-7.0%
Total Liabilities	\$3,573,596	\$3,254,563	\$ 20,608	\$ 18,361	\$3,594,204	\$3,272,924	-8.9%
Net Assets:							
Invested in capital assets, net of related debt	\$2,560,769	\$2,733,999	\$ 7,130	\$ 5,250	\$2,567,899	\$2,739,249	6.6%
Restricted	866,610	1,087,802	-	-	866,610	1,087,802	25.5%
Unrestricted	778,532	937,253	30,032	28,392	808,564	965,645	19.4%
Total Net Assets	\$4,205,911	\$4,759,054	\$ 37,162	\$ 33,642	\$4,243,073	\$4,792,696	12.9%

The District's total net assets increased by 12.9% to \$4,792,696. The major capital asset additions in 2008-2009 were \$138,000 in technology upgrades and \$143,000 in physical plant upgrades and repairs.

The District continues to pay down its bonds outstanding for the 2002 Middle School Addition, from the Local Option Sales Tax dollars. An additional long-term liability for retired administrators' health insurance is incurred each year.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$221,000 from the prior year mainly due to increased fund balances in the PPEL and Capital Projects funds to allow for future building remodeling projects.

Unrestricted net assets are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009.

	Changes in Net Assets from Operating Results						
	Governmental Activities		Business Type Activities		Total School District		Percentage Change 2008-09
	2008	2009	2008	2009	2008	2009	
Revenues:							
Program revenues:							
Charges for services	\$ 528,678	\$ 550,645	\$ 151,273	\$ 149,973	\$ 679,951	\$ 700,618	3.0%
Operating grants, contributions and restricted interest	891,961	1,110,938	87,675	91,486	979,636	1,202,424	22.7%
Capital grants, contributions and restricted interest	1,734	9,330	-	-	1,734	9,330	438.1%
General revenues:							
Property taxes and other taxes	2,509,408	2,740,043	-	-	2,509,408	2,740,043	9.1%
Unrestricted state grants	2,573,649	2,515,927	-	-	2,573,649	2,515,927	-2.2%
Other	84,737	107,893	1,271	44	86,008	107,937	25.4%
Total Revenues	\$6,590,167	\$7,034,776	\$ 240,219	\$ 241,503	\$6,830,386	\$ 7,276,279	6.5%
Expenses:							
Governmental activities:							
Instruction	\$4,040,243	\$ 4,045,059	\$ -	\$ -	\$ 4,040,243	\$ 4,045,059	.1%
Support services	1,987,550	2,036,509	16,721	-	2,004,271	2,036,509	1.6%
Non-instructional programs	5,312	5,276	218,721	245,023	224,033	250,299	11.7%
Other expenses	369,039	394,789	-	-	369,039	394,789	6.9%
Total Expenses	\$6,402,144	\$ 6,481,633	\$ 235,442	\$ 245,023	\$ 6,637,586	\$ 6,726,656	1.3%
Change in Net Assets	\$ 188,023	\$ 553,143	\$ 4,777	\$ (3,520)	\$ 192,800	\$ 549,623	185.1%

As shown in figure A-4, net assets increased by \$550,000 in 2008-2009 which was a much larger increase than 2007-2008. Property and other taxes and unrestricted state aid account for 75% of the total revenue with a nearly even split between the two in the governmental funds. While charges for services and operating grants accounted for almost 100% of the revenue in the business type activities.

The District's expenses primarily relate to instruction and support services, which account for 94% of the total expenses in the governmental funds.

Governmental Activities

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

	Net Cost of Governmental Activities					
	Total Cost		Percentage	Net Cost		Percentage
	of Services	of Services	Change	of Services	of Services	Change
	2008	2009	2008-2009	2008	2009	2008-2009
Instruction	\$ 4,040,243	\$ 4,045,059	.1 %	\$ 2,964,512	\$ 2,733,224	-7.8%
Support services	1,987,550	2,036,509	2.4 %	1,875,772	1,930,970	2.9%
Non-instructional programs	5,312	5,276	-6%	5,312	5,276	-6%
Other expenses	369,039	394,789	6.9%	134,175	141,250	5.2%
Total	\$ 6,402,144	\$ 6,481,633	1.2 %	\$ 4,979,771	\$ 4,810,720	-3.3%

- The cost financed by users of the District's programs was \$550,645.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,120,268.
- The net cost of governmental activities was financed with \$2,740,043 in various taxes, \$2,515,927 in state foundation aid and \$107,893 in miscellaneous income.

Business Type Activities

Revenues of the District's business type activities were \$241,503 and expenses were \$245,023. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,924,025, above last year's ending fund balances of \$1,594,901.

Governmental Fund Highlights

- In the District's General Fund, revenues increased and expenditures decreased resulting in a \$155,024 or 21% increase in fund balance. The tax rate between the two years for the general fund decreased by \$0.22 per thousand.
- The Activity Fund ending balance decreased in 2008-2009 by \$5,000 mainly due to the transfer of the "concessions" balance to the general fund.
- The Management Fund balance increased from \$186,055 to \$188,982 mainly due to anticipated early retirements that did not materialize in 2009 probably due to the poor economy.
- The PPEL Fund balance increased by \$125,298 to \$243,245. We use the PPEL fund balance to finish off summer maintenance projects.
- The Capital Projects Fund balance increased by \$50,647 to \$524,692 to allow for future major building/remodeling projects.

Proprietary Fund Highlights

- The School Nutrition Fund net assets decreased from \$37,162 at June 30, 2008 to \$33,642 at June 30, 2009.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District did not amend its annual operating budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on the following pages.

Legal Budgetary Highlights

The District's total actual revenues were approximately \$54,000 less than the total budgeted revenues, a variance of .7%.

Total expenditures were \$2.2 million less than budgeted due primarily to the District's practice to budget expenditures at the maximum authorized spending authority for each fund to avoid the time and expense of amending the budget. The District then manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year as it did in 2008-2009.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the District had invested \$3 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 3.21% from last year. Depreciation expense for the year exceeded \$254,000.

The original cost of the District's capital assets was over \$7 million. Governmental funds account for over 99% of these assets with less than 1% in the Proprietary, School Nutrition Fund.

Capital assets added to the district's inventory during the year included \$138,000 in technology equipment upgrades (computers, copiers, mimeo projector boards), \$143,000 in physical plant upgrades (roof repair, gym sound system, new lockers, new flooring), and \$36,000 for a new suburban.

Figure A-6

	Capital Assets, Net of Depreciation								
	Governmental				Business Type		Total		Total Change 2008-2009
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>				
	2008	2009	2008	2009	2008	2009			
Land	\$ 29,200	\$ 29,200	\$ -	\$ -	\$ 29,200	\$ 29,200	0.00 %		
Buildings	1,902,771	1,979,178	-	-	1,902,771	1,979,178	4.02 %		
Improvements other than buildings	271,414	262,617	-	-	271,414	262,617	-3.24 %		
Equipment & furniture	697,384	723,004	7,130	5,250	704,514	728,254	3.37 %		
Total	<u>\$2,900,769</u>	<u>\$2,993,999</u>	<u>\$ 7,130</u>	<u>\$ 5,250</u>	<u>\$2,907,899</u>	<u>\$ 2,999,249</u>	<u>3.14 %</u>		

Long-Term Debt

At June 30, 2009, the District had \$260,000 in revenue bonds outstanding. This represents a decrease of approximately 23% from last year. (See Figure A-7) These bonds were issued to build five classrooms on the Middle School and are being repaid using the Local Option Sales and Service Tax.

Figure A-7

	Outstanding Long-Term Obligations		
	Total District		Total Change
	June 30,		June 30,
	2008	2009	2008-2009
Revenue bonds	<u>\$340,000</u>	<u>\$260,000</u>	<u>-23.5%</u>
Total	<u>\$340,000</u>	<u>\$260,000</u>	<u>-23.5%</u>

Factors Bearing on the District's Future

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

- The certified enrollment count taken in September of 2009 was 601.9. This count represents a 18.8 student decrease from the prior year. This decrease in students will affect next year's funding. Since the 1998-1999 fiscal year (our highest enrollment year in recent history), we have lost a total of 119 students. All current projections anticipate this decline to continue. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation.

- The District will need to negotiate with the teachers union during 2009-2010 for FY11 school year. The District negotiated a 4.55% total package increase for FY10 (second year of a two year contract) and received only 1% in new monies. Salary and benefits represent over 80% of general fund expenditures. Settlements in excess of “new money” or allowable growth in state funding will have an adverse effect on the District’s General Fund budget and related fund balance. The district’s unspent balance remained stable in FY09. The unspent balance is defined as unspent spending authority; therefore it does not necessarily represent an actual cash balance. It is crucial to note that unspent balance dollars can only be spent once. Dedicating these resources to ongoing costs, such as salaries, would require some other source of revenue or an expenditure adjustment for any subsequent year.
- The district pays 100% of full-family insurance for all full-time certified employees. The health insurance increases in the last two years have been exceptionally low at 0% and 4.45%. It is anticipated that the increase for FY11 will be 10% or less. Health insurance increases in the past have been as high as 20%. Unanticipated high insurance increases after settlement of the union contract could negatively affect the financial health of the District.
- The Board has decided not to offer an early retirement incentive for FY10. The balance in the management fund will instead be used to pay for unemployment benefits for employees that were laid off at the end of FY09.
- On July 1, 2007 IPERS implemented an employers’ contribution increase over a 4-year period. The employers’ portion of IPERS increased from 5.75% to 6.05% on July 1, 2007, to 6.35% on July 1, 2008, to 6.65% on July 1, 2009 and will increase to 6.95% on July 1, 2010. This will increase the Bellevue Community Schools’ employer benefit costs from \$10,000 in the first year to over \$40,000 by the fourth year.
- The state requires public schools to bus nonpublic students in their district, but has failed to allocate enough money in the last 8 years to cover the entire cost of nonpublic transportation. Unless legislation increases that nonpublic allotment in the future, the shortages will continue. Over the last 8 years, this district has been shorted over \$94,000 in nonpublic transportation reimbursements with a shortage of \$13,600 in FY09 alone. The district has no other options to recoup those dollars.
- The District has participated in the instructional support levy since 1997-98. For this levy, schools are allowed to levy for up to an additional 10% of their combined regular program district costs, with the state funding 25% and property tax funding 75% of this levy. When the district began this levy, the state was only funding 55% of their portion. In FY10, the state only funded 23% of their 25% portion and federal stimulus dollars were used to fund this much. Over the last 13 years, this has resulted in state dollars lost of over \$658,000. Unless the state allocates more dollars to this levy, their portion will continue to decline and the district losses will increase.
- Governor Chet Culver signed an executive order calling for a 10% across the board cut to all state general fund appropriations for the 2010 fiscal year. This resulted in a loss of \$296,940 in state aid dollars to the Bellevue Community Schools for 2009-2010. It is uncertain if there will be additional reductions made to the 2010 budget.

- In September 2009 the voters of the District approved a new SAVE (1 cents sales tax) revenue purpose statement that goes to 2029 and extended the PPEL levy to 2022. This allowed the district to issue \$4.8 million in bonds in November 2009 for a MS/HS addition/remodel project.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Penny Medinger, District Secretary/Treasurer and Business Manager, Bellevue Community School District, 1601 State Street, Bellevue, Iowa, 52031-9766.

**BASIC
FINANCIAL
STATEMENTS**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities -----	Business Type Activities -----	Total -----
Assets			
Cash and cash equivalents	\$ 2,157,978	\$ 41,742	\$ 2,199,720
Receivables:			
Property tax:			
Delinquent	43,622	---	43,622
Succeeding year	2,348,212	---	2,348,212
Income surtax	127,529	---	127,529
Accounts	988	14	1,002
Due from other governments	297,522	---	297,522
Prepaid expenses	14,515	---	14,515
Deferred debt expense	1,643	---	1,643
Inventories	27,609	4,997	32,606
Capital assets, net of accumulated depreciation	2,993,999	5,250	2,999,249
	-----	-----	-----
Total Assets	\$ 8,013,617	\$ 52,003	\$ 8,065,620
	-----	-----	-----
Liabilities			
Accounts payable	\$ 93,059	\$ ---	\$ 93,059
Salaries and benefits payable	469,258	14,418	483,676
Accrued interest payable	798	---	798
Due to other governments	27,089	---	27,089
Deferred revenue:			
Succeeding year property tax	2,348,212	---	2,348,212
Other	28,803	3,943	32,746
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	85,000	---	85,000
Early retirement payable	13,530	---	13,530
Portion due after one year:			
Revenue bonds payable	175,000	---	175,000
Early retirement payable	13,199	---	13,199
Unamortized bond premium	615	---	615
	-----	-----	-----
Total Liabilities	\$ 3,254,563	\$ 18,361	\$ 3,272,924
	-----	-----	-----

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF NET ASSETS
 JUNE 30, 2009

	Governmental Activities -----	Business Type Activities -----	Total -----
Net Assets			
Invested in capital assets, net of related debt	\$ 2,733,999	\$ 5,250	\$ 2,739,249
Restricted for:			
Categorical funding	44,221	---	44,221
Management levy	188,982	---	188,982
Physical plant and equipment levy	243,245	---	243,245
Other special revenue purposes	86,662	---	86,662
Capital projects	443,269	---	443,269
Debt payment	81,423	---	81,423
Unrestricted	937,253	28,392	965,645
	-----	-----	-----
Total Net Assets	\$ 4,759,054	\$ 33,642	\$ 4,792,696
	=====	=====	=====

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular instruction	\$ 2,506,994	\$ 288,645	\$ 564,173	\$ ---	\$ (1,654,176)	\$ ---	\$ (1,654,176)
Special instruction	776,834	86,590	195,271	---	(494,973)	---	(494,973)
Other instruction	761,231	164,824	12,332	---	(584,075)	---	(584,075)
Total Instruction	\$ 4,045,059	\$ 540,059	\$ 771,776	\$ ---	\$ (2,733,224)	\$ ---	\$ (2,733,224)
Support Services:							
Student	\$ 146,248	\$ ---	\$ ---	\$ ---	\$ (146,248)	\$ ---	\$ (146,248)
Instructional staff	237,343	---	4,128	---	(233,215)	---	(233,215)
Administration	637,161	1,125	---	---	(636,036)	---	(636,036)
Operation and maintenance of plant	546,638	250	2,253	---	(544,135)	---	(544,135)
Transportation	469,119	9,211	88,572	---	(371,336)	---	(371,336)
Total Support Services	\$ 2,036,509	\$ 10,586	\$ 94,953	\$ ---	\$ (1,930,970)	\$ ---	\$ (1,930,970)
Non-instructional Programs	\$ 5,276	\$ ---	\$ ---	\$ ---	\$ (5,276)	\$ ---	\$ (5,276)

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 133,212	\$ ---	\$ ---	\$ 9,330	\$ (123,882)	\$ ---	\$ (123,882)
Long-term debt interest	12,969	---	---	---	(12,969)	---	(12,969)
AEA flowthrough	244,209	---	244,209	---	---	---	---
Depreciation (unallocated)*	4,399	---	---	---	(4,399)	---	(4,399)
Total Other Expenditures	\$ 394,789	\$ ---	\$ 244,209	\$ 9,330	\$ (141,250)	\$ ---	\$ (141,250)
Total Governmental Activities	\$ 6,481,633	\$ 550,645	\$ 1,110,938	\$ 9,330	\$ (4,810,720)	\$ ---	\$ (4,810,720)
Business Type Activities:							
Non-instructional programs:							
Food service operations	245,023	149,973	91,486	---	---	(3,564)	(3,564)
Total	\$ 6,726,656	\$ 700,618	\$ 1,202,424	\$ 9,330	\$ (4,810,720)	\$ (3,564)	\$ (4,814,284)

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

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
General Revenues						
Property Tax Levied For:				\$ 2,070,421	\$ ---	\$ 2,070,421
General purposes				162,432	---	162,432
Capital outlay				139,235	---	139,235
PPEL support surtax				367,955	---	367,955
Local option sales and service tax				2,515,927	---	2,515,927
Unrestricted state grants				56,739	794	57,533
Unrestricted investment earnings				51,154	---	51,154
Other				---	(750)	(750)
Loss on disposal of capital assets				---	---	---
Total General Revenues				\$ 5,363,863	\$ 44	\$ 5,363,907
Change in Net Assets				\$ 553,143	\$ (3,520)	\$ 549,623
Net Assets Beginning of Year				4,205,911	37,162	4,243,073
Net Assets End of Year				\$ 4,759,054	\$ 33,642	\$ 4,792,696

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
Assets					
Cash and pooled investments	\$1,140,127	\$ 500,119	\$ 246,049	\$ 271,683	\$2,157,978
Receivables:					
Property tax:					
Delinquent	37,812	---	3,061	2,749	43,622
Succeeding year	2,054,808	---	143,404	150,000	2,348,212
Income surtax	---	---	127,529	---	127,529
Accounts	988	---	---	---	988
Due from other governments	204,175	93,347	---	---	297,522
Prepaid expenses	11,890	---	---	2,625	14,515
Inventories	27,609	---	---	---	27,609
Total Assets	\$3,477,409	\$ 593,466	\$ 520,043	\$ 427,057	\$5,017,975
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 18,420	\$ 68,774	\$ 5,865	\$ ---	\$ 93,059
Salaries & benefits payable	467,845	---	---	1,413	469,258
Due to other governments	27,089	---	---	---	27,089
Succeeding year property tax	2,054,808	---	143,404	150,000	2,348,212
Income surtax	---	---	127,529	---	127,529
Other	28,803	---	---	---	28,803
Total Liabilities	\$2,596,965	\$ 68,774	\$ 276,798	\$ 151,413	\$3,093,950
Fund Balances:					
Reserved for:					
Inventories	\$ 27,609	\$ ---	\$ ---	\$ ---	\$ 27,609
Prepaid expenses	11,890	---	---	2,625	14,515
TAG	44,221	---	---	---	44,221
Debt payment	---	81,423	---	---	81,423
Unreserved	796,724	443,269	243,245	273,019	1,756,257
Total Fund Balances	\$ 880,444	\$ 524,692	\$ 243,245	\$ 275,644	\$1,924,025
Total Liabilities and Fund Balances	\$3,477,409	\$ 593,466	\$ 520,043	\$ 427,057	\$5,017,975

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Total fund balances of governmental funds	\$	1,924,025
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>		
Capital assets of \$7,049,000, net of accumulated depreciation of (\$4,055,001) are not financial resources and, therefore, are not reported in the funds.		2,993,999
Income surtaxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		127,529
Long-term liabilities of (\$286,729) are not due and payable in the current period and are not reported in the funds. Other related amounts include deferred debt expense of \$1,643, bond interest payable of (\$798), and unamortized bond premium of (\$615)		(286,499)
Net assets of governmental activities	\$	4,759,054

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	General	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----	-----
Revenues					
Local sources:					
Local tax	\$1,930,080	\$ 367,955	\$ 265,164	\$ 140,341	\$2,703,540
Tuition	335,167	---	---	---	335,167
Other	133,113	19,552	1,638	166,680	320,983
Intermediate sources	2,253	---	---	---	2,253
State sources	3,344,419	---	159	138	3,344,716
Federal sources	291,434	---	94	86	291,614
	-----	-----	-----	-----	-----
Total Revenues	\$6,036,466	\$ 387,507	\$ 267,055	\$ 307,245	\$6,998,273
	-----	-----	-----	-----	-----
Expenditures					
Current:					
Instruction:					
Regular instruction	\$2,455,358	\$ 73,645	\$ 6,001	\$ 46,407	\$2,581,411
Special instruction	787,638	---	---	---	787,638
Other instruction	603,704	---	---	155,008	758,712
	-----	-----	-----	-----	-----
Total Instruction	\$3,846,700	\$ 73,645	\$ 6,001	\$ 201,415	\$4,127,761
	-----	-----	-----	-----	-----
Support Services:					
Student	\$ 145,446	\$ ---	\$ ---	\$ 420	\$ 145,866
Instructional staff	226,665	---	---	577	227,242
Administration	621,429	---	---	24,665	646,094
Operation and maintenance of plant	435,129	---	799	50,196	486,124
Transportation	361,864	---	36,325	26,541	424,730
	-----	-----	-----	-----	-----
Total Support Services	\$1,790,533	\$ ---	\$ 37,124	\$ 102,399	\$1,930,056
	-----	-----	-----	-----	-----
Non-instruction Programs	\$ ---	\$ ---	\$ ---	\$ 5,276	\$ 5,276
	-----	-----	-----	-----	-----
Other Expenditures:					
Facilities acquisition	\$ ---	\$ 169,740	\$ 98,632	\$ ---	\$ 268,372
Long-term debt:					
Interest and principal	---	---	---	93,475	93,475
AEA flowthrough	244,209	---	---	---	244,209
	-----	-----	-----	-----	-----
Total Other Expenditures	\$ 244,209	\$ 169,740	\$ 98,632	\$ 93,475	\$ 606,056
	-----	-----	-----	-----	-----

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	General	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----	-----
Expenditures (Continued)					
Total Expenditures	\$ 5,881,442	\$ 243,385	\$ 141,757	\$ 402,565	\$ 6,669,149
	-----	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 155,024	\$ 144,122	\$ 125,298	\$ (95,320)	\$ 329,124
	-----	-----	-----	-----	-----
Other Financing Sources (Uses)					
Operating transfers in	\$ ---	\$ ---	\$ ---	\$ 93,475	\$ 93,475
Operating transfers out	---	(93,475)	---	---	(93,475)
	-----	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ ---	\$ (93,475)	\$ ---	\$ 93,475	\$ ---
	-----	-----	-----	-----	-----
Net Change in Fund Balances	\$ 155,024	\$ 50,647	\$ 125,298	\$ (1,845)	\$ 329,124
	-----	-----	-----	-----	-----
Fund Balances Beginning of Year	725,420	474,045	117,947	277,489	1,594,901
	-----	-----	-----	-----	-----
Fund Balances End of Year	\$ 880,444	\$ 524,692	\$ 243,245	\$ 275,644	\$ 1,924,025
	=====	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Net change in fund balances - total governmental funds	\$	329,124
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$346,890 exceeded depreciation of (\$253,660) in the current period.		93,230
Because income surtaxes will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.		36,503
Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as reduction in long-term debt in the government-wide financial statements.		80,000
The governmental fund financial statements reflect bond issuance costs as an expenditure and premiums on debt issuance as a component of other financing sources. The government-wide financial statements present the unamortized amount of bond issuance cost and premium on bond issuances as an asset and liability, respectively, net of amortization. This amount represents the current year amortization of these long-term debt related costs.		(342)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in early retirement payable of \$14,328 and the net decrease in accrued interest of \$300.		14,628
Change in net assets of governmental activities	\$	553,143

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009**

	School Nutrition -----
Assets	
Cash and cash equivalents	\$ 41,742
Accounts receivable	14
Inventories	4,997
Capital assets, net of accumulated depreciation	5,250

Total Assets	\$ 52,003

Liabilities	
Salaries and benefits payable	\$ 14,418
Deferred revenue - other	3,943

Total Liabilities	\$ 18,361

Net Assets	
Invested in capital assets, net of related debt	\$ 5,250
Unrestricted	28,392

Total Net Assets	\$ 33,642
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009**

	School Nutrition -----
Operating Revenue	
Local sources:	
Charges for services	\$ 149,973 -----
Operating Expenses	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	\$ 102,206
Benefits	18,866
Purchased services	7,213
Supplies	115,608
Depreciation	1,130 -----
Total Operating Expenses	\$ 245,023 -----
Operating Loss	\$ (95,050) -----
Non-operating Revenue	
State sources	\$ 2,885
Federal sources	88,601
Interest income	794
Loss on disposal of capital assets	(750) -----
Total Non-operating Revenue	\$ 91,530 -----
Net Loss	\$ (3,520)
Net Assets Beginning of Year	37,162 -----
Net Assets End of Year	\$ 33,642 =====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009**

	School Nutrition
Cash Flows From Operating Activities	
Cash received from sale of lunches and breakfasts	\$ 149,937
Cash paid to employees for services	(106,654)
Cash paid to suppliers for goods and services	(124,952)
Net Cash Used by Operating Activities	\$ (81,669)
Cash Flows From Non-Capital Financing Activities	
State grants received	\$ 2,885
Federal grants received	73,168
Net Cash Provided by Non-Capital Financing Activities	\$ 76,053
Cash Flows From Capital and Related Financing Activities	
None	\$ ---
Cash Flows From Investing Activities	
Interest on investments	\$ 794
Net Decrease in Cash and Cash Equivalents	\$ (4,822)
Cash and Cash Equivalents Beginning of Year	46,564
Cash and Cash Equivalents End of Year	\$ 41,742
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (95,050)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	15,433
Depreciation	1,130
Increase in inventories	(1,132)
Decrease in accounts receivable	197
Decrease in salaries and benefits payable	(2,014)
Decrease in unearned revenues	(233)
Net Cash Used In Operating Activities	\$ (81,669)

Non-Cash Investing, Capital and Financing Activities

During the year ended June 30, 2009, the District received \$15,433 of federal commodities.
See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Private Purpose Trust Scholarship	Agency
	-----	-----
Assets:		
Cash and pooled investments	\$ 758	\$ 4,617
Accounts receivable	---	6,850
	-----	-----
Total Assets	\$ 758	\$ 11,467
	-----	-----
Liabilities		
Due to other governments	\$ ---	\$ 4,617
Bank overdrafts	---	6,850
	-----	-----
Total Liabilities	\$ ---	\$ 11,467
	-----	-----
Net Assets:		
Reserved for scholarships	\$ 758	\$ ---
	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2009**

	Private Purpose Trust Scholarship -----
Additions:	
Local sources:	
Gifts and contributions	\$ 4,758

Total Additions	\$ 4,758
Deductions:	
Support services:	
Scholarships awarded	4,000

Change in Net Assets	\$ 758
Net Assets Beginning of Year	---

Net Assets End of Year	\$ 758
	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies:

The Bellevue Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Bellevue, Iowa, and the predominate agricultural territory in Jackson County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

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

A. Reporting Entity

For financial reporting purposes, Bellevue Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Bellevue Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

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

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are 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. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are 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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organization 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, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2007, assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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

Capital Assets - Capital assets which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. 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 District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	All
Buildings	\$ 500
Improvements other than buildings	500
Furniture and Equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-7 years

Intergovernmental Payables - Intergovernmental payables represents amounts due to other governmental units for various purposes such as supplies, utilities, and Pre-school Special Education.

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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

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

Compensated Absences - District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently no liability at June 30, 2009 has been accrued.

Long-term Obligations, Deferred Debt Expense, and Bond Discounts/Premiums - In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Pooled Investments:

The District's deposits in banks at June 30, 2009, 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 District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had the following investments:

Type	Carrying Amount	Fair Value	Maturity
-----	-----	-----	-----
Certificate of Deposit	\$ 6,666	\$ 6,666	October 28, 2009
	=====	=====	

Interest rate risk - The District'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) in 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 district.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 3 - Interfund Transfers:

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt service	Capital projects	\$ 93,475

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

Note 4 - Capital Assets:

Capital assets activity for the year ended June 30, 2009, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 29,200	\$ ---	\$ ---	\$ 29,200
Capital assets being depreciated:				
Buildings	\$ 3,675,369	\$ 149,996	\$ ---	\$ 3,825,365
Improvements other than buildings	514,339	9,977	---	524,316
Furniture and equipment	2,533,481	186,917	50,279	2,670,119
Total Capital Assets Being Depreciated	\$ 6,723,189	\$ 346,890	\$ 50,279	\$ 7,019,800
Less Accumulated depreciation for:				
Buildings	\$ 1,772,598	\$ 73,589	\$ ---	\$ 1,846,187
Improvements other than buildings	242,925	18,774	---	261,699
Furniture and equipment	1,836,097	161,297	50,279	1,947,115
Total Accumulated Depreciation	\$ 3,851,620	\$ 253,660	\$ 50,279	\$ 4,055,001
Total Capital Assets Being Depreciated, Net	\$ 2,871,569	\$ 93,230	\$ ---	\$ 2,964,799
Governmental Activities Capital Assets, Net	\$ 2,900,769	\$ 93,230	\$ ---	\$ 2,993,999

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 4 - Capital Assets: (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Business Type Activities:				
Furniture and equipment	\$ 15,254	\$ ---	\$ 3,000	\$ 12,254
Less accumulated depreciation	8,124	1,130	2,250	7,004
	-----	-----	-----	-----
Business Type Activities Capital Assets, Net	\$ 7,130	\$ (1,130)	\$ 750	\$ 5,250
	=====	=====	=====	=====

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 15,361
Special instruction	25,780
Other instruction	2,519

Support services:

Student support	382
Instructional staff support	10,101
Administration	5,395
Operation and maintenance of plant	61,313
Transportation	80,714
Facilities acquisition and construction	47,696
Unallocated	4,399

Total Depreciation Expense - Governmental Activities	\$ 253,660
------------------------------------------------------	------------

Business type activities:

Food service operations	\$ 1,130
-------------------------	----------

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 5 - Long-Term Liabilities:

Changes in long-term liabilities for the year ended June 30, 2009, are summarized as follows:

	Balance Beginning of Year -----	Additions -----	Reductions -----	Balance End of Year -----	Due Within One Year -----
Revenue bonds	\$ 340,000	\$ ---	\$ 80,000	\$ 260,000	\$ 85,000
	=====	=====	=====	=====	=====

Revenue Bonds Payable

Details of the District's June 30, 2009, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30 -----	Interest Rates -----	Principal -----	Interest -----	Total -----
2010	3.875%	\$ 85,000	\$ 10,075	\$ 95,075
2011	3.875%	85,000	6,781	91,781
2012	3.875%	90,000	3,488	93,488
Total		\$ 260,000	\$ 20,344	\$ 280,344
		=====	=====	=====

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 5 - Long-Term Liabilities: (Continued)

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- (a) Interest on the Bonds is payable on June 1 and December 1 in each year beginning December 1, 2002, to the registered owners thereof. The Bonds will mature serially on June 1. Bonds maturing after June 1, 2006, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot, at par plus accrued interest to date of call.
- (b) The Bond Resolution establishes a Project Fund (the "Project Fund") into which the net Bond proceeds shall be deposited. Moneys in the Project Fund shall be used for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose. Any Project Fund moneys used to pay debt service on the Bonds shall be repaid to the Project Fund at the earliest opportunity.
- (c) The Bond Resolution also establishes the Local Option Sales and Services Tax Revenue Fund (the "Revenue Fund"), into which shall be deposited all local option sales taxes when received from the State. Moneys in the Revenue Fund shall be disbursed to the following funds and accounts in the following order of priority.
- (d) Interest and principal on the Bonds (and any Parity Obligations, as defined below) will be paid from the Sinking Fund (the "Sinking Fund"). The amount to be deposited in the Sinking Fund shall be equal to the amount of principal and interest coming due on the Bonds, and any other obligations payable from the Local Option Tax revenues on a parity with the Bonds ("Parity Obligations") during the fiscal year and shall be used solely for the purpose of paying debt service on the Bonds and any Parity Obligations.
- (e) The Bonds are secured by the Reserve Fund established under the Bond Resolution which Reserve Fund will be funded from proceeds of the Bonds. So long as any Bonds are outstanding, the Issuer is required to maintain an amount on deposit in the Reserve Fund equal to the lesser of (a) the sum of 10% of the proceeds of the Bonds; (b) 125% of the average annual debt service on such Bonds and (c) the maximum annual debt service on such Bonds (the "Reserve Fund Requirement").

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 5 - Long-Term Liabilities: (Continued)

The District did comply with all of the provisions during the year ended June 30, 2009. The amounts required for the Sinking Fund and Reserve Fund are accounted for in the Capital Projects Fund.

Early Retirement

The District offers the following early retirement plans to its employees.

Administration - Eligible employees must be at least age fifty-eight and must have completed fifteen years of administrative service or a combination of twenty-five years of teaching and administrative service with at least the final five years of said service in administration. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 40% of the administrator's salary at the time of employment. The District will provide health insurance from age 58 to 65, or until the retiree becomes insured through another plan. Early retirement benefits paid to administrators during the year ended June 30, 2009 totaled \$17,980.

Teachers - Eligible employees must be at least age fifty-five and must have completed twenty years of full time employment, or its equivalence. Employees must complete a written application which is required to be approved by the Board of Education. The early retirement incentive for each eligible teacher is equal to 150% of substitute pay multiplied by 30 days of unused sick leave. Early retirement benefits paid to teachers during the year ended June 30, 2009 totaled \$20,950.

Non-certified - Eligible employees must be at least age fifty-five and must have completed twenty years of full-time continuous service. Employees must complete an application for early retirement. The early retirement incentive is equal to an amount representing fifty days of pay at the employee's rate of pay at the time of retirement. No early retirement benefits paid to noncertified employees during the year ended June 30, 2009.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 6 - Pension and Retirement Benefits:

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

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007, were \$234,680, \$217,772, and \$197,173, respectively, equal to the required contributions for each year.

Note 7 - Risk Management:

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

Note 8 - Area Education Agency:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$244,209 for the year ended June 30, 2009, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 9 - Commitments:

In April 2009, a contract in the amount of \$484,223 for architect services was approved for the High School and Middle School renovation and addition project. In June 2009, a contract in the amount of \$6,500 for land surveying services was approved for the same project. No amounts had been paid under either contract at June 30, 2009.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 10 - Contingency:

Early Retirement - As of June 30, 2009, several District employees met the eligibility criteria for early retirement but did not request it. Therefore, no liability was recorded for those individuals. The District's unrecorded contingent liability for early retirement is approximately \$198,602 as of June 30, 2009.

Note 11 - Other Matters:

In January 2003, the District entered into an agreement with a soft drink company in which the District agreed to purchase beverages exclusively from this company. In return, the soft drink company provided the District with two outdoor scoreboards. The agreement is for ten years commencing on January 31, 2003, and continues through January 30, 2013. In the event the soft drink company is not the exclusive provider of beverages to the District, the District would be required to reimburse the soft drink company for a percentage of the scoreboards.

Note 12 - Subsequent Events

The District sold school infrastructure sales, services and use tax revenue bonds for \$4,830,000 to Bankers Bank of Madison, Wisconsin subsequent to June 30, 2009.

The District entered into commitments in November, 2009 in the amount of \$3,782,420 for various contracts for the High School and Middle School renovation and addition project.

Subsequent events have been evaluated by management through February 15, 2010, which is the date the financial statements were available to be issued.

Note 13 - Iowa School Cash Anticipation Program (ISCAP)

The District participated in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2009.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009**

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues						
Local sources	\$ 3,359,690	\$ 150,017	\$ 3,509,707	\$ 3,687,758	\$ 3,687,758	\$ (178,051)
Intermediate sources	2,253	---	2,253	1,841	1,841	412
State sources	3,344,716	2,885	3,347,601	3,335,146	3,335,146	12,455
Federal sources	291,614	88,601	380,215	269,929	269,929	110,286
Total Revenues	\$ 6,998,273	\$ 241,503	\$ 7,239,776	\$ 7,294,674	\$ 7,294,674	\$ (54,898)
Expenditures						
Instruction	\$ 4,127,761	---	\$ 4,127,761	\$ 4,906,968	\$ 4,906,968	\$ 779,207
Support services	1,930,056	---	1,930,056	2,372,711	2,372,711	442,655
Non-instructional programs	5,276	245,023	250,299	273,773	273,773	23,474
Other expenditures	606,056	---	606,056	1,550,460	1,550,460	944,404
Total Expenditures	\$ 6,669,149	\$ 245,023	\$ 6,914,172	\$ 9,103,912	\$ 9,103,912	\$ 2,189,740
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 329,124	\$ (3,520)	\$ 325,604	\$(1,809,238)	\$(1,809,238)	\$ 2,134,842
Other Financing Sources, Net	---	---	---	2,045	2,045	(2,045)
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 329,124	\$ (3,520)	\$ 325,604	\$(1,807,193)	\$(1,807,193)	\$ 2,132,797
Balances Beginning of Year	1,594,901	37,162	1,632,063	1,807,193	1,807,193	(175,130)
Balances End of Year	\$ 1,924,025	\$ 33,642	\$ 1,957,667	\$ ---	\$ ---	\$ 1,957,667

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009**

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

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

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

During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**OTHER
SUPPLEMENTARY
INFORMATION**

SCHEDULE "1"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
Assets				
Cash and pooled investments	\$ 86,662	\$ 185,021	\$ ---	\$ 271,683
Receivables:				
Property tax:				
Delinquent	---	2,749	---	2,749
Succeeding year	---	150,000	---	150,000
Income surtax	---	---	---	---
Due from other governments	---	---	---	---
Prepaid expenses	---	2,625	---	2,625
	-----	-----	-----	-----
Total Assets	\$ 86,662	\$ 340,395	\$ ---	\$ 427,057
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ ---	\$ ---	\$ ---	\$ ---
Wages & benefits payable	---	1,413	---	1,413
Deferred revenue:				
Succeeding year property tax	---	150,000	---	150,000
Income surtax	---	---	---	---
	-----	-----	-----	-----
Total Liabilities	\$ ---	\$ 151,413	\$ ---	\$ 151,413
Fund Balances:				
Reserved for:				
Debt payment	\$ ---	\$ ---	\$ ---	\$ ---
Prepaid expenses	---	2,625	---	2,625
Unreserved	86,662	186,357	---	273,019
	-----	-----	-----	-----
Total Fund Balances	\$ 86,662	\$ 188,982	\$ ---	\$ 275,644
Total Liabilities and Fund Balances	\$ 86,662	\$ 340,395	\$ ---	\$ 427,057

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
Revenues				
Local Sources:				
Local tax	\$ ---	\$ 140,341	\$ ---	\$ 140,341
Other	150,236	16,444	---	166,680
State sources	---	138	---	138
Federal sources	---	86	---	86
Total Revenues	\$ 150,236	\$ 157,009	\$ ---	\$ 307,245
Expenditures				
Current:				
Instruction:				
Regular instruction	\$ ---	\$ 46,407	\$ ---	\$ 46,407
Other instruction	155,008	---	---	155,008
Total Instruction	\$ 155,008	\$ 46,407	\$ ---	\$ 201,415
Support Services:				
Student	\$ ---	\$ 420	\$ ---	\$ 420
Instructional staff	---	577	---	577
Administration	---	24,665	---	24,665
Operation and maintenance of plant	---	50,196	---	50,196
Transportation	---	26,541	---	26,541
Total Support Services	\$ ---	\$ 102,399	\$ ---	\$ 102,399
Non-instructional Programs	\$ ---	\$ 5,276	\$ ---	\$ 5,276
Other Expenditures:				
Facilities acquisition	\$ ---	\$ ---	\$ ---	\$ ---
Long-term debt:				
Principal	---	---	80,000	80,000
Interest and fiscal charges	---	---	13,475	13,475
Total Other Expenditures	\$ ---	\$ ---	\$ 93,475	\$ 93,475

See accompanying independent auditor's report.

SCHEDULE "2" (Continued)

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
Expenditures (Continued)				
Total Expenditures	\$ 155,008	\$ 154,082	\$ 93,475	\$ 402,565
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (4,772)	\$ 2,927	\$ (93,475)	\$ (95,320)
Other Financing Sources (Uses)				
Operating transfers in	\$ ---	\$ ---	\$ 93,475	\$ 93,475
Operating transfers out	---	---	---	---
Total Other Financing Sources (Uses)	\$ ---	\$ ---	\$ 93,475	\$ 93,475
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (4,772)	\$ 2,927	\$ ---	\$ (1,845)
Fund Balances Beginning of Year	91,434	186,055	---	277,489
Fund Balances End of Year	\$ 86,662	\$ 188,982	\$ ---	\$ 275,644

See accompanying independent auditor's report.

SCHEDULE "3"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2009**

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	-----	-----	-----	-----
JH/SR Athletics	\$ 9,566	\$ 39,320	\$ 36,868	\$ 12,018
Pep Club	1,838	448	492	1,794
JH SADD	352	4	---	356
HS SADD	115	1,582	1,626	71
Cheerleading	656	17,084	16,271	1,469
Spanish Club	5,048	53	600	4,501
Musical/Play	4,360	2,243	1,563	5,040
Letterman's Club	628	477	412	693
Boys' Basketball	1,373	4,474	5,072	775
FFA	703	2,726	610	2,819
Volleyball	---	2,381	2,504	(123)
Dance Team	2,036	15,498	11,531	6,003
FBLA	50	5,787	5,757	80
Elementary	11,791	639	1,751	10,679
Preschool	1,068	376	416	1,028
Band	2,847	128	---	2,975
Vocal	661	103	---	764
Color Guard	176	1,192	1,022	346
Band resale	(3,067)	394	652	(3,325)
Music Boosters	27,658	9,792	11,193	26,257
Class of 2009	888	325	1,213	---
Class of 2010	1,574	5,728	5,314	1,988
Class of 2011	870	1,604	1,089	1,385
Class of 2012	---	362	57	305
HS Yearbook	4,055	4,398	8,681	(228)
JH Yearbook	1,718	556	448	1,826
HS Student Council	4,130	25,487	25,598	4,019
JH Student Council	5,479	6,508	8,840	3,147
Interest	---	156	156	---
Concessions	4,861	411	5,272	---
	-----	-----	-----	-----
Total	\$ 91,434	\$ 150,236	\$ 155,008	\$ 86,662
	=====	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2009

	Balance Beginning of Year -----	Additions -----	Deductions -----	Balance End of Year -----
Assets				
Cash and deposits	\$ 137	\$ 48,349	\$ 43,869	\$ 4,617
Accounts receivable	6,894	6,850	6,894	6,850
	-----	-----	-----	-----
Total	\$ 7,031	\$ 55,199	\$ 50,763	\$ 11,467
	=====	=====	=====	=====
Liabilities				
Payable to others	\$ 7,031	\$ 55,199	\$ 50,763	\$ 11,467
	=====	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "5"

BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	Modified Accrual Basis							
	2009	2008	2007	2006	2005	2004	2003	2002
Revenues								
Local Sources:								
Local tax	\$2,703,540	\$2,531,049	\$2,389,620	\$2,313,586	\$2,159,390	\$2,269,904	\$1,920,881	\$1,647,758
Tuition	335,167	330,321	283,742	252,472	230,006	199,156	207,804	145,934
Other	320,983	310,493	330,782	384,018	316,851	285,445	272,448	334,051
Intermediate sources	2,253	7,392	3,584	819	2,869	2,422	4,046	713
State sources	3,344,716	3,246,496	3,040,874	2,953,440	2,845,615	2,657,970	2,826,425	2,799,037
Federal sources	291,614	186,057	182,353	217,658	272,128	293,914	245,145	292,417
Total	<u>\$6,998,273</u>	<u>\$6,611,808</u>	<u>\$6,230,955</u>	<u>\$6,121,993</u>	<u>\$5,826,859</u>	<u>\$5,708,811</u>	<u>\$5,476,749</u>	<u>\$5,219,910</u>

SCHEDULE "5" CONTINUED

BELLEVEUE COMMUNITY SCHOOL DISTRICT
BELLEVEUE, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	Modified Accrual Basis							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenditures								
Instruction:								
Regular instruction	\$2,581,411	\$2,547,455	\$2,414,925	\$2,195,795	\$2,153,251	\$2,144,939	\$2,074,235	\$2,080,749
Special instruction	787,638	772,229	692,832	719,410	581,232	675,876	695,963	638,447
Other instruction	758,712	762,866	716,904	624,042	655,629	542,372	512,655	488,613
Support Services:								
Student	145,866	152,135	138,638	128,072	121,377	107,197	101,766	93,760
Instructional staff	227,242	219,405	247,715	271,116	209,344	224,553	200,120	180,180
Administration	646,094	653,708	678,779	614,044	572,193	528,566	522,703	512,901
Operation and maintenance of plant	486,124	500,982	476,967	485,668	438,897	408,172	390,310	380,472
Transportation	424,730	539,029	530,539	393,797	481,302	430,656	373,646	340,290
Central Support	---	---	---	---	---	---	1,077	---
Non-instructional programs	5,276	5,312	4,596	5,731	3,622	2,508	2,300	2,036
Other Expenditures:								
Facilities acquisition	268,372	180,051	466,029	329,771	383,790	74,350	266,562	573,886
Long-term debt:								
Principal	80,000	75,000	75,000	70,000	65,000	60,000	50,000	---
Interest and other charges	13,475	16,381	19,288	22,000	24,519	26,844	35,977	---
AEA flowthrough	244,209	233,130	222,197	212,209	205,319	201,473	216,669	218,532
	<u>\$6,669,149</u>	<u>\$6,657,683</u>	<u>\$6,684,409</u>	<u>\$6,071,655</u>	<u>\$5,895,475</u>	<u>\$5,427,506</u>	<u>\$5,443,983</u>	<u>\$5,509,866</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Bellevue Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Bellevue Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 15, 2010. 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. Our report included a disclaimer of opinion on the required supplementary information including Management's Discussion and Analysis.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to

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prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bellevue Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than remote likelihood a misstatement of Bellevue Community School District's financial statements that is more than inconsequential will not be prevented or detected by Bellevue Community School District's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Bellevue Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bellevue Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

We noted certain matters that we reported to management at the District in a separate letter dated February 15, 2010.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the Bellevue Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks & Co., P.C.

Dubuque, Iowa
February 15, 2010

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009**

Part I: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS:

I-A-09 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the board secretary performs substantially all of the significant accounting functions.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. We recommend that the bank statements continue to be delivered directly to the Superintendent for review before being given to the secretary for reconciliation. The District should also continue to review its operating procedures to obtain the maximum internal accounting control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

Part II: Other Findings Related to Statutory Reporting:

II-A-09 Certified Budget - Disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.

II-B-09 Questionable Disbursements - During the year ended June 30, 2009, the District paid for flowers for the parents of graduating students from the General Fund. These expenditures may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the District should establish written policies and procedures, including the requirements for proper documentation.

Response - We will comply with this recommendation.

Conclusion - Response accepted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009**

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-09 Business Transactions - No business transactions between the District and District officials or employees were noted.

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

II-G-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-09 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-I-09 Certified Annual Report - The Certified Annual Report was certified to the Department of Education timely.

II-J-09 Student Activity Fund - The Student Activity Fund had three accounts with deficit balances as of June 30, 2009.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate any deficits.

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.

II-K-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009**

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-L-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	---
Statewide sales and services tax revenue			367,955
Expenditures:			
School infrastructure:			
Buildings	\$	149,996	
Equipment		83,412	
Land Improvements		9,977	
Service Fund		93,475	336,860
		-----	-----
Ending balance		\$	31,095
			=====

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To the Board of Education of the
Bellevue Community School District
Bellevue, Iowa

In planning and performing our audit of the financial statements of Bellevue Community School District as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency, as discussed below. We previously reported on the District's internal control in our report dated February 15, 2010. This letter does not affect our report dated February 15, 2010 on the financial statements of the Bellevue Community School District.

Purchase Orders

Purchase orders were not being used on a number of disbursements, which conflicted with the District's policy. Purchase orders can help to ensure that purchases are being approved at the proper level of management and can also help to monitor expenses for budgeting purposes.

This communication is intended solely for the information and use of management, the audit committee, others within the organization and the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

O'CONNOR, BROOKS, & CO., P.C.

O'Connor, Brooks + Co., P.C.

Dubuque, Iowa
February 15, 2010

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