

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

JUNE 30, 2013

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Bettendorf Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Barry Anderson	President	2015
Jennine Crockett	Vice President	2015
Betsy Justis	Board Member	2013
Scott Tinsman	Board Member	2013
Pepper Trahan	Board Member	2013
Paul Castro	Board Member	2015
Ray Cassady	Board Member	2015

School Officials

Dr. Theron Schutte	Superintendent	2013
Maxine McEnany	Director of Financial and Business Services	2013
Colleen Skolrood	Board Secretary	2013
Lane & Waterman	Attorney	2013
Ahlers Law Firm	Attorney	2013

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Bettendorf Community School District, Bettendorf, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 18 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bettendorf Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

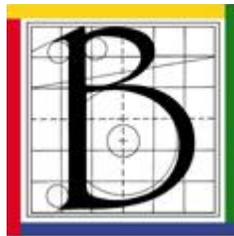
In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2013 on our consideration of the Bettendorf Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 in considering Bettendorf Community School District's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

December 11, 2013



BETTENDORF
COMMUNITY
SCHOOL
DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$44,136,485 in fiscal 2012 to \$44,623,291 in fiscal 2013 due in large part to an increase in state source revenues and increase in property tax cash reserves. General Fund expenditures increased from \$41,297,232 in fiscal 2012 to \$42,376,004 in fiscal 2013 due in part to increases in special education tuition paid out, purchase of textbooks, purchase of equipment and AEA flowthrough. The difference between fiscal 2013 revenues of \$44,623,291 and expenses of \$42,376,004 results in a net increase in fund balance of \$2,247,287. As a result, the District's General Fund balance increased from \$10,931,974 in fiscal 2012 to a balance of \$13,179,261 in fiscal 2013. This represents a 20.56% increase from the prior year.
- Low interest rates during the past fiscal years have resulted in interest earnings in the General Fund to decrease from \$325,506 in fiscal year 2008 to \$17,587 in fiscal year 2013.
- To compare the District's solvency ratio to the prior year:
 - The 17.54% solvency ratio at June 30, 2012 increased to 23.35% at June 30, 2013. Reasons for the increase are as follows:
 - The District's solvency ratio increase was due in part to \$2.5 to \$2.7 million that was committed in previous years for cash flow purposes that is no longer recorded as committed due to the implementation of GASB 54, which no longer allows the District to commit funds for cash flow purposes. Another reason for this significant increase is due to an increase in the cash reserve levy.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

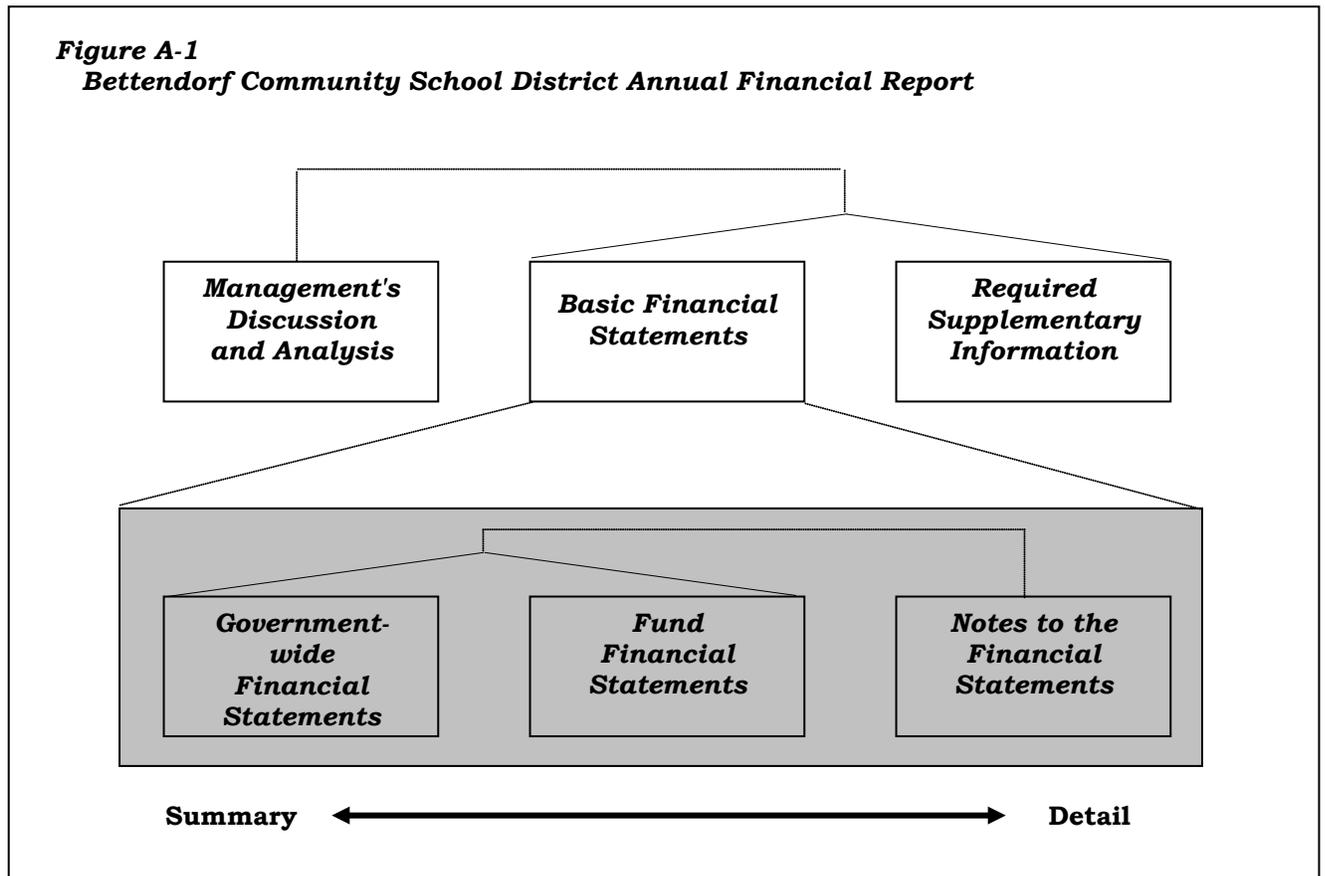


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets 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 position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise 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. The District's internal service funds, one type of proprietary fund, are the same as the governmental activities, but provide more detail and additional information, such as cash flows. The District currently has one internal service fund account accounting for self-funded insurance.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$ 45,174,959	46,957,023	517,847	530,886	45,692,806	47,487,909	-3.78%
Capital assets	48,830,103	40,899,364	64,161	69,795	48,894,264	40,969,159	19.34%
Total assets	94,005,062	87,856,387	582,008	600,681	94,587,070	88,457,068	6.93%
Long-term obligations	746,258	471,481	775	796	747,033	472,277	58.18%
Other liabilities	24,684,264	26,195,574	65,263	45,779	24,749,527	26,241,353	-5.69%
Total liabilities	25,430,522	26,667,055	66,038	46,575	25,496,560	26,713,630	-4.56%
Net position:							
Net investment in capital assets	48,457,111	40,899,364	64,161	69,795	48,521,272	40,969,159	18.43%
Restricted	4,749,216	7,570,799	0	0	4,749,216	7,570,799	-37.27%
Unrestricted	15,368,213	12,719,169	451,809	484,311	15,820,022	13,203,480	19.82%
Total net position	\$ 68,574,540	61,189,332	515,970	554,106	69,090,510	61,743,438	11.90%

The District's combined net position increased by 11.90%, or \$7,347,072, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$2,821,583 or 37.27% from the prior year. The decrease in restricted net position is primarily the result of the decrease in Capital Projects Fund balance. This decrease was the result of the District spending money on various renovation projects throughout the high school.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$2,616,542, or 19.82%.

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

Figure A-4 Changes in Net Position							
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Revenues:							
Program revenues:							
Charges for services	\$ 5,548,508	5,332,095	922,855	960,644	6,471,363	6,292,739	2.84%
Operating grants and contributions and restricted interest	4,208,764	4,560,164	841,100	829,288	5,049,864	5,389,452	-6.30%
General revenues:							
Property tax	19,326,170	18,568,536	0	0	19,326,170	18,568,536	4.08%
Statewide sales, services and use tax	3,560,006	3,408,578	0	0	3,560,006	3,408,578	4.44%
Unrestricted state grants	19,150,577	18,627,100	0	0	19,150,577	18,627,100	2.81%
Nonspecific program federal revenues	15,852	663,323	0	0	15,852	663,323	-97.61%
Unrestricted investment earnings	21,983	29,350	5	0	21,988	29,350	-25.08%
Other	94,564	125,424	2,500	8,354	97,064	133,778	-27.44%
Gain on sale of capital assets	0	180,000	0	0	0	180,000	-100.00%
Total revenues	51,926,424	51,494,570	1,766,460	1,798,286	53,692,884	53,292,856	0.75%
Program expenses:							
Governmental activities:							
Instructional	29,425,811	27,984,351	0	0	29,425,811	27,984,351	5.15%
Support services	11,815,888	13,846,056	46,043	33,425	11,861,931	13,879,481	-14.54%
Non-instructional programs	7,832	4,017	1,758,553	1,636,427	1,766,385	1,640,444	7.68%
Other expenses	3,291,685	3,181,904	0	0	3,291,685	3,181,904	3.45%
Total expenses	44,541,216	45,016,328	1,804,596	1,669,852	46,345,812	46,686,180	-0.73%
Changes in net position	7,385,208	6,478,242	(38,136)	128,434	7,347,072	6,606,676	11.21%
Net position beginning of year	61,189,332	54,711,090	554,106	425,672	61,743,438	55,136,762	11.98%
Net position end of year	\$ 68,574,540	61,189,332	515,970	554,106	69,090,510	61,743,438	11.90%

In fiscal 2013, property tax, statewide sales, services and use tax and unrestricted state grants account for 80.95% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.86% of the revenue from business type activities.

The District's total revenues were approximately \$53.70 million of which \$51.93 million was for governmental activities and \$1.77 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.75% increase in revenues and a 0.73% decrease in expenses. Property tax increased \$757,634 to fund increases in expenditures.

Governmental Activities

Revenues for governmental activities were \$51,926,424 and expenses were \$44,541,216.

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

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-2013	2013	2012	Change 2012-2013
Instruction	\$ 29,425,811	27,984,351	5.15%	21,418,920	19,889,564	7.69%
Support services	11,815,888	13,846,056	-14.66%	11,612,494	13,550,031	-14.30%
Non-instructional programs	7,832	4,017	94.97%	7,832	4,017	94.97%
Other expenses	3,291,685	3,181,904	3.45%	1,744,698	1,680,457	3.82%
Totals	\$ 44,541,216	45,016,328	-1.06%	34,783,944	35,124,069	-0.97%

- The cost financed by users of the District's programs was \$5,548,508.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$4,208,765.
- The net cost of governmental activities was financed with \$19,326,170 in property tax, \$3,560,006 in statewide sales, services and use tax, \$19,150,577 in unrestricted state grants, \$15,852 in nonspecific program federal revenues, \$21,983 in interest income, \$94,564 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$1,766,460 and expenses were \$1,804,596. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment and other income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$16,637,551, which is less than last year's ending fund balances of \$16,838,741. The primary reason for the decrease in combined fund balances in fiscal 2013 is due to the decrease in fund balance of the Capital Projects Fund.

Governmental Fund Highlights

- The General Fund balance increased from \$10,931,974 to \$13,179,261 due a 1.10% increase in revenues and an increase in expenditures of 2.61%. The increase percentage increase in expenses was not large enough to overcome the increase in revenue resulting an increase in General Fund balance. Revenues for the General Fund included an increase in cash reserves of \$2,522,839.
- The Capital Projects Fund balance decreased from \$4,426,337 in fiscal 2012 to \$2,127,863 in fiscal 2013. The decrease in fund balance was due to the ongoing construction projects at the high school and Herbert Hoover Elementary School.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$554,106 at June 30, 2012 to \$515,970 at June 30, 2013, representing a decrease of 6.88%. The decrease in net position was due to increases in food service expenditures during the fiscal year.

BUDGETARY HIGHLIGHTS

The District's revenues were \$425,521 more than budgeted revenues, a variance of 0.80%. The most significant variance resulted from the District receiving more local source revenue than originally anticipated. The District manages or controls General Fund spending through its line-item budget.

The District amended its budget one time to reflect additional expenditures associated with increased food costs. Despite amending their budget the District exceeded its budget in the non-instructional programs functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$48.89 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 19.34% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$2,233,597.

The original cost of the District's capital assets was \$84.74 million. Governmental funds account for \$84.14 million with the remainder of \$0.60 million in the Proprietary, School Nutrition Fund.

Figure A-6							
Capital Assets, Net of Depreciation							
	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$ 1,017,415	1,017,415	0	0	1,017,415	1,017,415	0.00%
Construction in progress	16,655,753	10,064,666	0	0	16,655,753	10,064,666	65.49%
Buildings	29,341,444	28,339,928	0	0	29,341,444	28,339,928	3.53%
Land improvements	33,593	38,190	0	0	33,593	38,190	-12.04%
Machinery and equipment	1,781,898	1,439,165	64,161	69,795	1,846,059	1,508,960	22.34%
Total	\$ 48,830,103	40,899,364	64,161	69,795	48,894,264	40,969,159	19.34%

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$10,064,666 at June 30, 2012, compared to \$16,655,753 reported at June 30, 2013. This significant increase resulted from the District continuing renovation projects on the high school and Herbert Hoover Elementary School.

Long-Term Liabilities

At June 30, 2013, the District had \$747,033 in other long-term liabilities outstanding. This represents an increase of 58.18% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding leases payable from the Capital Projects: Property Plant and Equipment Levy Fund of \$372,992 at June 30, 2013.

The District had total outstanding Termination Benefits payable from the Special Revenue, Management Funds of \$6,040 at June 30, 2013.

The District had total outstanding Compensated Absences payable from the General Fund of \$266,001 at June 30, 2013.

The District had total outstanding net OPEB liability of \$102,000 at June 30, 2013. The District's governmental activities account for \$101,225 of this total while business-type activities accounted for \$775.

Figure A-7							
Outstanding Long-Term Obligations							
	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Computer Leases	\$ 372,992	0	0	0	372,992	0	100.00%
Termination Benefits	6,040	202,417	0	0	6,040	202,417	-97.02%
Compensated Absences	266,001	208,857	0	0	266,001	208,857	27.36%
Net OPEB Liability	101,225	60,207	775	796	102,000	61,003	67.20%
Totals	\$ 746,258	471,481	775	796	747,033	472,277	58.18%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District's certified enrollment count has dropped over the past two fiscal years as the certified enrollment count as of October 2013 was 91.3 students less than it was two years ago.
- The District continues to upgrade its infrastructure without borrowing. We plan to complete phase II of the middle school renovation project, which includes a cafeteria expansion, office addition, remodel, new entrance, level III classroom addition, and project classrooms at an estimated total cost of \$3,522,601 by the summer of 2014.
- We are currently finalizing documents for bidding an Athletic Project for our high school field turf, track, new lights, concession stand/restrooms and plaza at an estimated projection cost at this time of \$4.2 million. We anticipate using the building construction income of the capital projects funds, PPEL and Sales Tax, to August 2015 for these projects.

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 Maxine McEnany, Director of Financial and Business Services, Bettendorf Community School District, 3311 18th Street, Bettendorf, Iowa, 52722.

Basic Financial Statements

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2013

	Governmental Activities	Business type Activities	Total
Assets			
Cash and pooled investments	\$ 23,371,520	451,155	23,822,675
Receivables:			
Property tax:			
Delinquent	287,579	0	287,579
Succeeding year	19,314,400	0	19,314,400
Accounts	150,395	723	151,118
Due from other governments	2,051,065	2,428	2,053,493
Inventories	0	63,541	63,541
Capital assets, net of accumulated depreciation	48,830,103	64,161	48,894,264
Total Assets	94,005,062	582,008	94,587,070
Liabilities			
Accounts payable	1,069,777	25,042	1,094,819
Salaries and benefits payable	3,666,507	2,534	3,669,041
Incurred but not reported claims	617,851	0	617,851
Interest payable	10,367	0	10,367
Deferred revenue:			
Succeeding year property tax	19,314,400	0	19,314,400
Other	5,362	0	5,362
Unearned revenue	0	37,687	37,687
Long-term liabilities:			
Portion due within one year:			
Computer lease payable	183,794	0	183,794
Termination benefits	5,160	0	5,160
Compensated absences	266,001	0	266,001
Portion due after one year:			
Computer lease payable	189,198	0	189,198
Termination benefits	880	0	880
Net OPEB liability	101,225	775	102,000
Total Liabilities	25,430,522	66,038	25,496,560
Net Postion			
Net investment in capital assets	48,457,111	64,161	48,521,272
Restricted for:			
Categorical funding	1,296,100	0	1,296,100
School infrastructure	257,911	0	257,911
Physical plant and equipment	1,869,952	0	1,869,952
Management levy	1,009,424	0	1,009,424
Student activities	313,005	0	313,005
Debt service	2,824	0	2,824
Unrestricted	15,368,213	451,809	15,820,022
Total Net Position	\$ 68,574,540	515,970	69,090,510

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 19,545,870	3,698,487	347,459	(15,499,924)	0	(15,499,924)
Special	5,363,083	710,506	980,921	(3,671,656)	0	(3,671,656)
Other	4,516,858	959,895	1,309,623	(2,247,340)	0	(2,247,340)
	<u>29,425,811</u>	<u>5,368,888</u>	<u>2,638,003</u>	<u>(21,418,920)</u>	<u>0</u>	<u>(21,418,920)</u>
Support services:						
Student	1,791,125	0	0	(1,791,125)	0	(1,791,125)
Instructional staff	564,499	68,259	0	(496,240)	0	(496,240)
Administration	5,977,988	0	0	(5,977,988)	0	(5,977,988)
Operation and maintenance of plant	2,570,445	0	0	(2,570,445)	0	(2,570,445)
Transportation	911,831	111,361	23,774	(776,696)	0	(776,696)
	<u>11,815,888</u>	<u>179,620</u>	<u>23,774</u>	<u>(11,612,494)</u>	<u>0</u>	<u>(11,612,494)</u>
Non-instructional programs:						
Food service operations	7,832	0	0	(7,832)	0	(7,832)
Long-term debt interest	10,367	0	0	(10,367)	0	(10,367)
Other expenditures:						
AEA flowthrough	1,546,987	0	1,546,987	0	0	0
Depreciation(unallocated)*	1,734,331	0	0	(1,734,331)	0	(1,734,331)
	<u>3,281,318</u>	<u>0</u>	<u>1,546,987</u>	<u>(1,734,331)</u>	<u>0</u>	<u>(1,734,331)</u>
Total governmental activities	44,541,216	5,548,508	4,208,764	(34,783,944)	0	(34,783,944)
Business Type activities:						
Support services:						
Administration	26,915	0	0	0	(26,915)	(26,915)
Operation and maintenance of plant	19,128	0	0	0	(19,128)	(19,128)
	<u>46,043</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(46,043)</u>	<u>(46,043)</u>
Non-instructional programs:						
Food service operations	1,758,553	922,855	841,100	0	5,402	5,402
Total business type activities	1,804,596	922,855	841,100	0	(40,641)	(40,641)
Total	\$ <u>46,345,812</u>	<u>6,471,363</u>	<u>5,049,864</u>	<u>(34,783,944)</u>	<u>(40,641)</u>	<u>(34,824,585)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 17,060,793	0	17,060,793
Capital outlay				2,265,377	0	2,265,377
Statewide sales, service and use tax				3,560,006	0	3,560,006
Unrestricted state grants				19,150,577	0	19,150,577
Nonspecific program federal revenues				15,852	0	15,852
Unrestricted investment earnings				21,983	5	21,988
Other general revenues				94,564	2,500	97,064
Total general revenues				<u>42,169,152</u>	<u>2,505</u>	<u>42,171,657</u>
Changes in net position				7,385,208	(38,136)	7,347,072
Net position beginning of year				61,189,332	554,106	61,743,438
Net position end of year				<u>\$ 68,574,540</u>	<u>515,970</u>	<u>69,090,510</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Assets:				
Cash and pooled investments	\$ 15,474,603	2,103,928	1,331,672	18,910,203
Receivables:				
Property tax				
Delinquent	245,636	34,150	7,793	287,579
Succeeding year	15,494,088	2,326,509	1,493,803	19,314,400
Due from other governments	1,487,051	564,010	4	2,051,065
Accounts	135,027	0	363	135,390
Total assets	\$ 32,836,405	5,028,597	2,833,635	40,698,637
Liabilities and fund balances:				
Liabilities:				
Due to other funds	\$ 5,040	0	0	5,040
Accounts payable	486,147	574,225	9,405	1,069,777
Salaries and benefits payable	3,666,507	0	0	3,666,507
Deferred revenue:				
Succeeding year property tax	15,494,088	2,326,509	1,493,803	19,314,400
Other	5,362	0	0	5,362
Total liabilities	19,657,144	2,900,734	1,503,208	24,061,086
Fund balances:				
Restricted for:				
Categorical funding	1,296,100	0	0	1,296,100
School infrastructure	0	257,911	0	257,911
Physical plant and equipment	0	1,869,952	0	1,869,952
Management levy purposes	0	0	1,015,464	1,015,464
Student activities	0	0	313,005	313,005
Debt service	0	0	2,824	2,824
Committed for:				
Future equipment purchases	1,175,000	0	0	1,175,000
Future construction costs	650,000	0	0	650,000
Unassigned				
General	10,058,161	0	0	10,058,161
Student activities	0	0	(866)	(866)
Total fund balances	13,179,261	2,127,863	1,330,427	16,637,551
Total liabilities and fund balances	\$ 32,836,405	5,028,597	2,833,635	40,698,637

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 22)	\$	16,637,551
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		48,830,103
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		3,863,511
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(10,367)
Long-term liabilities including leases payable, compensated absences and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(746,258)
		(746,258)
Net position of governmental activities(page 20)	\$	68,574,540
		68,574,540

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 16,536,158	5,825,383	524,635	22,886,176
Tuition	4,082,291	0	0	4,082,291
Other	785,196	4,002	947,915	1,737,113
Intermediate sources	200	0	0	200
State sources	21,596,903	962	236	21,598,101
Federal sources	1,622,543	0	0	1,622,543
Total revenues	<u>44,623,291</u>	<u>5,830,347</u>	<u>1,472,786</u>	<u>51,926,424</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	18,949,041	407,509	328,780	19,685,330
Special	5,349,062	0	0	5,349,062
Other	3,622,775	0	956,745	4,579,520
	<u>27,920,878</u>	<u>407,509</u>	<u>1,285,525</u>	<u>29,613,912</u>
Support services:				
Student	1,767,305	0	28,638	1,795,943
Instructional staff	614,569	0	2,400	616,969
Administration	6,111,769	0	103,405	6,215,174
Operation and maintenance of plant	3,580,945	53,350	167,703	3,801,998
Transportation	833,551	0	25,347	858,898
	<u>12,908,139</u>	<u>53,350</u>	<u>327,493</u>	<u>13,288,982</u>
Non-instructional programs:				
Food service operations	0	0	9,771	9,771
Capital outlay	0	8,165,454	0	8,165,454
Other expenditures:				
AEA flowthrough	1,546,987	0	0	1,546,987
Total expenditures	<u>42,376,004</u>	<u>8,626,313</u>	<u>1,622,789</u>	<u>52,625,106</u>
Excess(deficiency) of revenues over(under) expenditures	2,247,287	(2,795,966)	(150,003)	(698,682)
Other financing sources:				
Lease proceeds	0	372,992	0	372,992
Sale of real property	0	124,500	0	124,500
Total other financing sources	<u>0</u>	<u>497,492</u>	<u>0</u>	<u>497,492</u>
Net change in fund balances	2,247,287	(2,298,474)	(150,003)	(201,190)
Fund balances beginning of year	<u>10,931,974</u>	<u>4,426,337</u>	<u>1,480,430</u>	<u>16,838,741</u>
Fund balances end of year	<u>\$ 13,179,261</u>	<u>2,127,863</u>	<u>1,330,427</u>	<u>16,637,551</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds(page 24) \$ (201,190)

*Amounts reported for governmental activities in the
 Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 10,147,969	
Depreciation expense	<u>(2,217,230)</u>	7,930,739

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

Issued		(372,992)
--------	--	-----------

Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis.

(59,197)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

(10,367)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Termination benefits	196,377	
Compensated absences	(57,144)	
Other postemployment benefits	<u>(41,018)</u>	<u>98,215</u>

Changes in net position of governmental activities(page 21) \$ 7,385,208

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
ASSETS		
Current assets:		
Cash and pooled investments	\$ 451,155	4,461,317
Accounts receivable	723	15,005
Due from other governments	2,428	0
Due from other funds	0	5,040
Inventories	63,541	0
Total current assets	<u>517,847</u>	<u>4,481,362</u>
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation	<u>64,161</u>	<u>0</u>
Total non-current assets	<u>64,161</u>	<u>0</u>
TOTAL ASSETS	<u>582,008</u>	<u>4,481,362</u>
LIABILITIES		
Current liabilities:		
Accounts payable	25,042	0
Salaries and benefits payable	2,534	0
Unearned revenues	37,687	0
Incurred but not reported claims	0	617,851
Net OPEB liability	775	0
TOTAL LIABILITIES	<u>66,038</u>	<u>617,851</u>
NET POSITION		
Invested in capital assets	64,161	0
Unrestricted	451,809	3,863,511
TOTAL NET POSITION	<u>\$ 515,970</u>	<u>3,863,511</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 922,855	4,486,256
Miscellaneous	2,500	0
TOTAL OPERATING REVENUES	925,355	4,486,256
OPERATING EXPENSES:		
Support services:		
Student Services:		
Services	0	12,769
Supplies	0	2,696
	<u>0</u>	<u>15,465</u>
Administration services:		
Salaries	22,091	0
Benefits	3,870	0
Services	954	186,975
	<u>26,915</u>	<u>186,975</u>
Operation and maintenance of plant:		
Services	15,518	0
Supplies	3,610	0
	<u>19,128</u>	<u>0</u>
Total support services	<u>46,043</u>	<u>202,440</u>
Non-instructional programs:		
Food service operations:		
Salaries	551,356	0
Benefits	138,554	0
Services	18,135	0
Supplies	1,034,141	0
Depreciation	16,367	0
	<u>1,758,553</u>	<u>0</u>
Other enterprise operations:		
Benefits	0	4,346,472
Total non-instructional programs	<u>1,758,553</u>	<u>4,346,472</u>
TOTAL OPERATING EXPENSES	1,804,596	4,548,912
OPERATING LOSS	(879,241)	(62,656)
NON-OPERATING REVENUES:		
State sources	13,149	0
Federal sources	827,951	0
Interest income	5	3,459
TOTAL NON-OPERATING REVENUES	841,105	3,459
Changes in net position	(38,136)	(59,197)
Net position beginning of year	554,106	3,922,708
Net position end of year	<u>\$ 515,970</u>	<u>3,863,511</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 927,493	0
Cash received from miscellaneous operating activities	2,500	4,526,321
Cash payments to employees for services	(714,119)	0
Cash payments to suppliers for goods or services	(982,077)	(4,529,152)
Net cash used in operating activities	<u>(766,203)</u>	<u>(2,831)</u>
Cash flows from non-capital financing activities:		
Interfund loan to the General Fund	0	(5,040)
State grants received	13,149	0
Federal grants received	722,133	0
Net cash provided by(used by) non-capital financing activities	<u>735,282</u>	<u>(5,040)</u>
Cash flows from capital activities:		
Acquisition of assets	(10,733)	0
Net cash used in capital activities	<u>(10,733)</u>	<u>0</u>
Cash flows from investing activities:		
Interest on investment	5	3,459
Net decrease in cash and cash equivalents	(41,649)	(4,412)
Cash and cash equivalents at beginning of year	492,804	4,465,729
Cash and cash equivalents at end of year	<u>\$ 451,155</u>	<u>4,461,317</u>
Reconciliation of operating loss to net cash provided by(used in) operating activities:		
Operating loss	\$ (879,241)	(62,656)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	105,508	0
Depreciation	16,367	0
Increase in inventories	(28,321)	0
Decrease in accounts receivable	21	40,065
Increase in incurred but not reported claims	0	36,493
Increase(decrease) in accounts payable	13,094	(16,733)
Increase in salaries and benefits payable	1,773	0
Increase in unearned revenues	4,617	0
Decrease in other postemployment benefits	(21)	0
Net cash provided by(used in) operating activities	<u>\$ (766,203)</u>	<u>(2,831)</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at \$105,508.

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2013

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash and pooled investments	\$ 20,650
Liabilities	<u>0</u>
Net Position	
Restricted for scholarships	<u>\$ 20,650</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2013

	<u>Private Purpose Trust Scholarship</u>
ADDITIONS:	
Local sources:	
Gifts and contributions	\$ 4,718
Interest income	31
TOTAL ADDITIONS	<u>4,749</u>
DEDUCTIONS:	
Instruction:	
Regular	<u>2,756</u>
Change in net position	1,993
Net position beginning of year	<u>18,657</u>
Net position end of year	<u>\$ 20,650</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

The Bettendorf Community School District is a political subdivision of the State of Iowa and provides elementary and secondary education to the citizens within the District. The District encompasses an area within the county of Scott, including the City of Bettendorf. Within the District are eight schools, including six elementary schools for kindergarten to grade five, one middle school for grades six, seven, and eight, and one high school for grades nine through twelve. Oversight and responsibility for the District's operations is vested in a seven-member Board of Education which is elected by the public on a non-partisan basis. Management of the District is appointed and is accountable to the Board of Education.

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

A. Reporting Entity

For financial reporting purposes, Bettendorf 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 Bettendorf Community School District has no component units that 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 do 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 Scott County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the activities of the District, with omission of the fiduciary funds. 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 service.

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, 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. Combining schedules are included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts 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 expenses, including instructional, support and other costs.

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

The District also reports the non-major following proprietary fund:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the District's self-funded health insurance plan.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise 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.

D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

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

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

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

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

Assets	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	200,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	5-10 years
Machinery and equipment	5-15 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue 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 revenues consist of unspent federal grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund.

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

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

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

Committed - Amounts which can be used for only for specific purposes when constraints formally imposed by the Board of Education pass through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the board of Education removes or changes the specified used by taking the same action it employed to commit those funds.

Unassigned - All amounts not included in preceding classifications.

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

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013 the District amended its budget one time to reflect additional expenditures associated with higher food costs.

During the year ended June 30, 2013 expenditures in the non-instructional programs functional area exceeded the budgeted amount.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 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, 2013 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligation Portfolio which are valued at an amortized costs of \$1,220,765 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

Note 3. Due from and Due to Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service	General	<u>\$ 5,040</u>

The General Fund is repaying the Internal Service Fund for Perdue Health Insurance Premiums paid by the Internal Service fund during the current year. The balance is to be repaid by June 30, 2014.

Note 4. Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,017,415	0	0	1,017,415
Construction in progress	10,064,666	9,322,336	2,731,249	16,655,753
Total capital assets not being depreciated	<u>11,082,081</u>	<u>9,322,336</u>	<u>0</u>	<u>17,673,168</u>
Capital assets being depreciated:				
Buildings	56,015,650	2,731,249	0	58,746,899
Land improvements	184,544	0	0	184,544
Machinery and equipment	6,759,983	825,633	51,500	7,534,116
Total capital assets being depreciated	<u>62,960,177</u>	<u>3,556,882</u>	<u>51,500</u>	<u>66,465,559</u>
Less accumulated depreciation for:				
Buildings	27,675,722	1,729,733	0	29,405,455
Land improvements	146,354	4,597	0	150,951
Machinery and equipment	5,320,818	482,900	51,500	5,752,218
Total accumulated depreciation	<u>33,142,894</u>	<u>2,217,230</u>	<u>51,500</u>	<u>35,308,624</u>
Total capital assets being depreciated, net	<u>29,817,283</u>	<u>1,339,652</u>	<u>0</u>	<u>31,156,935</u>
Governmental activities capital assets, net	<u>\$ 40,899,364</u>	<u>10,661,988</u>	<u>0</u>	<u>48,830,103</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 587,863	10,733	0	598,596
Less accumulated depreciation	518,068	16,367	0	534,435
Business type activities capital assets, net	<u>\$ 69,795</u>	<u>(5,634)</u>	<u>0</u>	<u>64,161</u>

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular			\$ 123,227
Special			831
Other			16,568
Support services:			
Instructional staff			15,619
Administration			155,393
Operation and maintenance of plant			23,436
Transportation			147,825
			<u>482,899</u>
Unallocated depreciation			<u>1,734,331</u>
Total governmental activities depreciation expense			<u>\$ 2,217,230</u>
Business type activities:			
Food services			<u>\$ 16,367</u>

Note 5. Long-Term Debt

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Computer Leases	\$ 0	372,992	0	372,992	183,794
Termination benefits	202,417	0	196,377	6,040	5,160
Compensated Absences	208,857	266,001	208,857	266,001	266,001
Net OPEB Liability	60,207	41,018	0	101,225	0
Total	<u>\$ 471,481</u>	<u>680,011</u>	<u>405,234</u>	<u>746,258</u>	<u>454,955</u>
Business type activities:					
Net OPEB Liability	\$ 796	0	21	775	0

Computer Leases

Details of the District's June 30, 2013 computer lease indebtedness is as follows:

Year Ending June 30,	Lease Issue of July 15, 2012			Lease Issue of October 5, 2012			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2014	2.90	175,011	10,298	3.75	8,783	671	183,794	10,969
2015	2.90	180,087	5,222	3.75	9,111	342	189,198	5,564
Total		\$ 355,098	15,520		\$ 17,894	1,013	\$ 372,992	16,533

Termination benefits

The District did not offer an voluntary early retirement plan for the year ended June 30, 2013. The District previously offered a voluntary early retirement plan for the year ended June 30, 2012. Eligible employees had to be at least age fifty-five and have completed fifteen years of continuous service to the District. Employees completed an application which was required to be approved by the Board of Education. The benefits were \$42.50 per day of unused sick leave and unused personal days paid into a Health Reimbursement Arrangement. A liability has been recorded in the Statement of Net Position for government-wide activities for early retirement benefits. Early retirement benefits paid during the year ended June 30, 2013, totaled \$196,377.

Note 6. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 369 active and 71 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit and explicit subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 535,000
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	(2,003)
Annual OPEB cost (expense)	<u>535,997</u>
Contributions made	(495,000)
Increase in net OPEB obligation	40,997
Net OPEB obligation - beginning of year	61,003
Net OPEB obligation - end of year	<u>\$ 102,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$495,000 to the medical plan. Plan members eligible for benefits contributed \$337,000, or 62.87% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	501,333	90.56	73,000
2012	501,003	102.39	61,003
2013	535,997	92.35	102,000

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$5.263 million with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.263 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25.651 million and the ratio of the UAAL to covered payroll was 20.5%. As of June 30, 2013, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by 0.5 percentage points each year until the ultimate medical trend rate is reached.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2012, and applying the termination factors used in IPERS Actuarial Report as of June 30, 2012.

Projected claim costs of the medical plan are \$462 per month for retirees less than 65 and \$499 per month for retirees under the classified staff plan. year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 7. Pension and Retirement Benefits

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

Plan members are required to contribute 5.78% of their annual salary and the District is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$2,178,135, \$2,010,700 and \$1,681,936, respectively, equal to the required contributions for each year.

Note 8. Risk Management

The District has a self-funded health insurance plan. The District purchases commercial health insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was \$3,863,511 at June 30, 2013. The incurred but not recorded and unpaid claims liability of \$617,851 reported in the plan at June 30, 2013 based on the requirements of GASB Statement Number 10, is set up as a liability on the Statement of Net Position.

In addition, Bettendorf 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 9. 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 \$1,546,987 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Contingencies

As of June 30, 2013, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time; however, management does not believe they will be material to the basic financial statements.

Note 11. Construction Commitment

The District has entered into various contracts totaling \$16,938,295 for various renovation projects at the high school. As of June 30, 2013, costs of \$16,873,950 had been incurred against the contracts. The balance remaining at June 30, 2013 of \$64,345 will be paid out as work on the projects progresses.

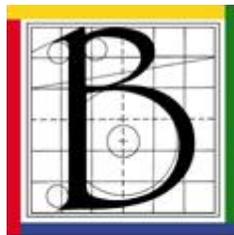
Note 12. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Home school assistance	\$ 44,461
Talented and gifted	149,342
Dropout and dropout prevention	396,173
Beginning teacher mentoring and induction	32,662
Teacher salary supplement	56,285
Textbook aid for nonpublic students	2,694
Four-year-old state preschool	587,802
Professional development	26,681
Total	<u>\$ 1,296,100</u>

Note 13. Budget Overexpenditure

Per code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2013, expenditures in the non-instructional programs functional area exceeded the certified budget.



BETTENDORF
COMMUNITY
S C H O O L
D I S T R I C T

Required Supplementary Information

BETTENDORF COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Fund Actual		Original	Final	
Revenues:						
Local sources	\$ 28,705,580	925,360	29,630,940	28,940,072	28,940,072	690,868
Intermediate sources	200	0	200	1,000	1,000	(800)
State sources	21,598,101	13,149	21,611,250	21,896,291	21,896,291	(285,041)
Federal sources	1,622,543	827,951	2,450,494	2,430,000	2,430,000	20,494
Total revenues	<u>51,926,424</u>	<u>1,766,460</u>	<u>53,692,884</u>	<u>53,267,363</u>	<u>53,267,363</u>	<u>425,521</u>
Expenditures/Expenses:						
Instruction	29,613,912	0	29,613,912	30,995,044	30,995,044	1,381,132
Support services	13,288,982	46,043	13,335,025	16,221,830	16,221,830	2,886,805
Non-instructional programs	9,771	1,758,553	1,768,324	1,690,000	1,735,909	(32,415)
Other expenditures	9,712,441	0	9,712,441	12,479,296	12,479,296	2,766,855
Total expenditures/expenses	<u>52,625,106</u>	<u>1,804,596</u>	<u>54,429,702</u>	<u>61,386,170</u>	<u>61,432,079</u>	<u>7,002,377</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	(698,682)	(38,136)	(736,818)	(8,118,807)	(8,164,716)	7,427,898
Other financing sources, net	<u>497,492</u>	<u>0</u>	<u>497,492</u>	<u>0</u>	<u>0</u>	<u>497,492</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	(201,190)	(38,136)	(239,326)	(8,118,807)	(8,164,716)	7,925,390
Balance beginning of year	<u>16,838,741</u>	<u>554,106</u>	<u>17,392,847</u>	<u>15,379,948</u>	<u>15,379,948</u>	<u>2,012,899</u>
Balance end of year	<u>\$ 16,637,551</u>	<u>515,970</u>	<u>17,153,521</u>	<u>7,261,141</u>	<u>7,215,232</u>	<u>9,938,289</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$45,909.

During the year ended June 30, 2013, the expenditures in the non-instructional programs functional area exceed the certified budget.

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 3,646	\$ 3,646	0%	\$ 20,888	17.5%
2010	July 1, 2008	\$ -	\$ 3,646	\$ 3,646	0%	\$ 24,975	14.6%
2011	July 1, 2010	\$ -	\$ 4,432	\$ 4,432	0%	\$ 25,005	17.7%
2012	July 1, 2010	\$ -	\$ 4,432	\$ 4,432	0%	\$ 25,383	17.5%
2013	July 1, 2012	\$ -	\$ 5,263	\$ 5,263	0%	\$ 25,651	20.5%

See Note 6 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Supplementary Information

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

	Special Revenue Funds				Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue Funds	Debt Service	
Assets					
Cash and pooled investments	\$ 1,007,667	321,181	1,328,848	2,824	1,331,672
Receivables:					
Property tax					
Delinquent	7,793	0	7,793	0	7,793
Succeeding year	1,493,803	0	1,493,803	0	1,493,803
Accounts	0	363	363	0	363
Due from other governments	4	0	0	0	4
Total assets	\$ 2,509,267	321,544	2,830,811	2,824	2,833,635
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 0	9,405	9,405	0	9,405
Deferred revenue:					
Succeeding year property tax	1,493,803	0	1,493,803	0	1,493,803
Total liabilities	1,493,803	9,405	1,503,208	0	1,503,208
Fund Balances:					
Restricted for:					
Management levy purposes	1,015,464	0	1,015,464	0	1,015,464
Student activities	0	313,005	313,005	0	313,005
Debt service	0	0	0	2,824	2,824
Unassigned	0	(866)	(866)	0	(866)
Total fund balance	1,015,464	312,139	1,327,603	2,824	1,330,427
Total liabilities and fund balances	\$ 2,509,267	321,544	2,830,811	2,824	2,833,635

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue Funds			Debt Service	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue Funds		
REVENUES:					
Local sources:					
Local tax	\$ 524,635	0	524,635	0	524,635
Other	13,734	934,181	947,915	0	947,915
State sources	236	0	236	0	236
TOTAL REVENUES	538,605	934,181	1,472,786	0	1,472,786
EXPENDITURES:					
Current:					
Instruction:					
Regular	328,780	0	328,780	0	328,780
Other	2,400	954,345	956,745	0	956,745
	331,180	954,345	1,285,525	0	1,285,525
Support services:					
Student	28,638	0	28,638	0	28,638
Instructional staff	2,400	0	2,400	0	2,400
Administration	103,405	0	103,405	0	103,405
Operation and maintenance of plant	167,703	0	167,703	0	167,703
Transportation	25,347	0	25,347	0	25,347
	327,493	0	327,493	0	327,493
Non-instructional programs:					
Food service operations	9,771	0	9,771	0	9,771
TOTAL EXPENDITURES	668,444	954,345	1,622,789	0	1,622,789
Deficiency of revenues under expenditures	(129,839)	(20,164)	(150,003)	0	(150,003)
Fund balance beginning of year	1,145,303	332,303	1,477,606	2,824	1,480,430
Fund balance end of year	\$ 1,015,464	312,139	1,327,603	2,824	1,330,427

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 218,350	1,885,578	2,103,928
Receivables:			
Property tax:			
Delinquent	0	34,150	34,150
Succeeding year	0	2,326,509	2,326,509
Due from other governments	563,992	18	564,010
TOTAL ASSETS	\$ 782,342	4,246,255	5,028,597
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 524,431	49,794	574,225
Deferred revenue:			
Succeeding year property tax	0	2,326,509	2,326,509
Total liabilities	524,431	2,376,303	2,900,734
Fund balances:			
Restricted for:			
School infrastructure	257,911	0	257,911
Physical plant and equipment	0	1,869,952	1,869,952
Total fund balances	257,911	1,869,952	2,127,863
TOTAL LIABILITIES AND FUND BALANCES	\$ 782,342	4,246,255	5,028,597

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUE:			
Local sources:			
Local tax	\$ 3,560,006	2,265,377	5,825,383
Other	2,877	1,125	4,002
State sources	0	962	962
TOTAL REVENUE	3,562,883	2,267,464	5,830,347
EXPENDITURES:			
Current:			
Instruction:			
Regular	0	407,509	407,509
Support services:			
Operation and maintenance of plant	0	53,350	53,350
Capital outlay	7,525,193	640,261	8,165,454
TOTAL EXPENDITURES	7,525,193	1,101,120	8,626,313
Excess(deficiency) of revenues over(under) expenditures	(3,962,310)	1,166,344	(2,795,966)
OTHER FINANCING SOURCES:			
Lease proceeds	0	372,992	372,992
Sale of real property	0	124,500	124,500
TOTAL OTHER FINANCING SOURCES	0	497,492	497,492
Excess(deficiency) of revenues over (under)expenditures	(3,962,310)	1,663,836	(2,298,474)
Fund Balances beginning of year	4,220,221	206,116	4,426,337
Fund Balances end of year	\$ 257,911	1,869,952	2,127,863

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund transfers	Balance End of Year
Interest	\$ 2,739	99	0	0	2,838
Sail/Tag Fundraiser	1,495	0	53	0	1,442
N.A. Fundraiser	815	0	0	0	815
N.A. Bookstore	4,083	0	0	0	4,083
N.A. Pop Fund	453	1,482	1,019	0	916
N.A. Shooting Stars	0	551	342	0	209
For Student Needs	1,302	1,526	1,880	0	948
N.A. Student	376	0	0	0	376
Hoover Fundraiser	2,044	2,330	3,121	0	1,253
Hoover Bookstore	404	0	404	0	0
Hoover Pop Fund	3,655	1,451	1,648	0	3,458
Jefferson Fundraiser	14	0	0	0	14
Jefferson Bookstore	1,539	50	58	0	1,531
TJ Student Council	1,262	508	375	0	1,395
P.N. Bookstore	2,901	0	0	0	2,901
P.N. Pop Fund	733	50	93	0	690
M.T. Fundraiser	123	0	0	0	123
M.T. Bookstore	327	223	0	0	550
M.T. Bookstore - BD	488	0	0	0	488
G.W. Fundraiser	3,270	4,274	2,361	0	5,183
G.W. Bookstore	3,640	0	0	0	3,640
G.W. Pop Fund	1,153	361	379	0	1,135
G.W. Memorial	31	0	0	0	31
Vocal Music 1	1,651	614	957	0	1,308
Vocal Music 2	1,041	719	1,157	0	603
Instrumental Music	2,470	14,619	37,469	21,382	1,002
Orchestra	125	508	396	0	237
Co-Ed Athletics	72,541	157,503	79,476	(109,051)	41,517
Sports Uniforms	823	8,020	7,593	0	1,250
BMS Cheerleading	740	3,004	3,082	0	662
MS Nurse Vending	644	149	0	0	793
Health Club	72	0	0	0	72
Yearbook/Photo Club	1,371	8,755	8,199	0	1,927
Reading Club	526	6	0	0	532
Library Club	8,277	4,217	4,737	0	7,757
Foreign Lang Club	590	0	0	0	590
Spec Ed Activities	8	0	0	0	8
HS Student Council	26,568	42,901	35,462	2,468	36,475
Computer Club	1	0	0	0	1
Living Skills Club	385	0	0	0	385

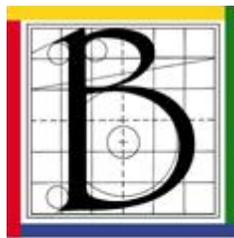
SCHEDULE 5

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund transfers	Balance End of Year
School Paper	2,043	0	78	0	1,965
Art Club	175	0	0	0	175
German Club	5,231	239	1,755	104	3,819
Ceramics Club	61	0	0	0	61
MS Vending	2,496	1,933	3,554	0	875
6-House I	278	212	481	0	9
6-House II	1,442	306	788	0	960
6-House III	460	2,082	2,092	0	450
7-House I	259	0	42	0	217
7-House II	1,396	0	0	0	1,396
7-House III	241	220	304	0	157
8-House I	2,926	4,187	3,751	0	3,362
8-House II	3,637	2,792	3,986	0	2,443
8-House III	1,159	2,323	2,308	0	1,174
School Fundraising	6,865	16,175	17,860	0	5,180
Student Needs	1,413	30	590	0	853
BWCA	305	0	0	0	305
MS Parent Link	15,520	16,856	15,559	0	16,817
After Prom	4,596	11,870	12,948	0	3,518
SPEd Rec League	2,637	0	153	0	2,484
Drama	0	34,265	40,984	6,719	0
Debate	0	11,261	8,821	(83)	2,357
Mock Trial	82	0	0	0	82
Vocal Music	0	1,707	2,976	1,269	0
Show Choir	200	20,859	33,785	12,726	0
HS Boys Athletics	4,415	119,059	199,454	82,446	6,466
HS Girls Athletics	0	44,899	97,509	52,610	0
Golf Outing	4,177	20,060	19,132	0	5,105
Amicus	403	106	526	103	86
Prof Business	2,434	37,617	37,217	116	2,950
BHS England Trip	14,389	29,894	32,846	0	11,437
Activity Tickets	1,612	45,305	0	(44,348)	2,569
BHS SIT	2,746	0	1,001	0	1,745
Science Club	585	0	165	104	524
Scholastic Bowl	233	0	94	104	243
Yearbook-Beacon	29,953	56,247	63,777	1,188	23,611
Growl Newspaper	8,632	7,854	10,379	0	6,107
SADD	375	0	0	0	375
Cheerleaders	2,379	25,688	28,597	4,668	4,138
SAVE	125	5	0	0	130

SCHEUDLE 5
(CONTINUED)

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund transfers	Balance End of Year
Peer Educators	923	208	423	104	812
Functional Skills	1,235	742	0	0	1,977
Spanish Club	1,198	198	213	104	1,287
Nat Honor Soc	789	1,065	590	104	1,368
French Club	255	1,995	2,279	104	75
Social Comm Club	31	0	0	0	31
Goldusters	6,869	20,878	22,643	3,948	9,052
Dusterettes	0	412	412	0	0
Art Club	712	0	61	104	755
Key Club	3	466	483	103	89
Club Vending	1,971	2,431	0	(1,970)	2,432
Class of 2012	1,998	0	0	(1,998)	0
Class of 2013	3,813	0	3,447	(366)	0
Class of 2014	865	749	0	103	1,717
Class of 2015	411	455	179	104	791
Class of 2016	0	709	51	104	762
Field Turf	0	7,771	0	0	7,771
Metro fest	0	2,000	0	0	2,000
Wiinter Guard	0	5,000	13,988	8,988	0
BHS Fine Arts	11,852	74,074	44,731	(42,061)	(866)
BHS Fine Arts Trip	731	303	0	0	1,034
BHS New Tuxedos	658	0	0	0	658
Raise the curtain	12,046	20,487	820	0	31,713
BHS Football Moms	2,584	9,535	11,609	0	510
BHS Mat Moms	1,435	10,489	11,924	0	0
Pr Club Vending	5,277	6,243	6,719	0	4,801
Pr Student Needs	87	0	0	0	87
Total	\$ 332,303	934,181	954,345	0	312,139

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



BETTENDORF
COMMUNITY
SCHOOL
DISTRICT

BETTENDORF COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
PRIVATE PURPOSE TRUST FUND, SCHOLARSHIP ACCOUNTS
JUNE 30, 2013

	Private Purpose Trust - Scholarship						
	Tj Before The Bell	Class of 55 Donation	Student Needs	Spain Memorial	B.H.S. Memorial	G.W. Pfieff Tutor	B.S.C.F Debate
Assets							
Cash and pooled investments	\$ 345	317	2,612	915	1,013	163	8,222
Liabilities							
	0	0	0	0	0	0	0
Net assets							
Restricted for scholarships	\$ 345	317	2,612	915	1,013	163	8,222

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 6

Private Purpose Trust - Scholarship									
Dollars for Doers	Sign/ Tutoring	Koufer Memorial	Funk Memorial	Tj Trust Fund	Thiessen Scholarship	Phillips Scholarship	Stansbury Scholarship	Unassigned	Total
\$ 82	2,657	26	14	1,354	1,616	250	713	351	20,650
0	0	0	0	0	0	0	0	0	0
\$ 82	2,657	26	14	1,354	1,616	250	713	351	20,650

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN PRIVATE-PURPOSE TRUST FUND,
SCHOLARSHIP ACCOUNTS
JUNE 30, 2013

	Private Purpose Trust - Scholarship						
	Tj Before the Bell	Class of 55 Donation	Student Needs	Spain Memorial	B.H.S Memorial	G.W. Pfeiff Tutor	Johnson Memorial
Additions:							
Local sources:							
Gifts and contributions	\$ 0	0	600	0	0	0	300
Interest income	1	0	4	1	2	0	0
	1	0	604	1	2	0	300
Deductions:							
Instruction:							
Regular:							
Scholarships awarded	0	0	456	0	0	0	300
Changes in net position	1	0	148	1	2	0	0
Net position beginning of year	344	317	2,464	914	1,011	163	0
Net position end of year	\$ 345	317	2,612	915	1,013	163	0

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 7

Private Purpose Trust - Scholarship										
B.S.C.F Debate	Dollars for Doers	Sign/ Tutoring	Koufer Memorial	Funk Memorial	Tj Trust Fund	Thiessen Scholarship	Phillips Scholarship	Stanbury Scholarship	Unassigned	Total
\$ 0	0	0	0	0	0	3,060	250	508	0	4,718
13	0	4	0	0	2	3	0	1	0	31
13	0	4	0	0	2	3,063	250	509	0	4,749
0	0	0	0	0	0	2,000	0	0	0	2,756
13	0	4	0	0	2	1,063	250	509	0	1,993
8,209	82	2,653	26	14	1,352	553	0	204	351	18,657
\$ 8,222	82	2,657	26	14	1,354	1,616	250	713	351	20,650

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 22,886,176	21,977,114	21,097,070	19,950,685	20,207,326	19,301,641	18,755,868	18,125,916	18,007,604	16,823,954
Tuition	4,082,291	3,804,224	3,704,732	3,478,559	3,291,369	2,946,370	2,666,548	2,588,528	2,399,022	2,046,563
Other	1,737,113	1,932,720	1,826,287	2,670,888	2,290,144	2,618,267	2,382,216	1,919,448	2,192,358	3,038,648
Intermediate sources	200	576	513	619	20,853	307,489	188,430	126,709	119,308	2,902
State sources	21,598,101	21,310,902	19,936,921	17,505,827	20,224,298	18,878,742	17,251,533	16,636,019	15,642,365	15,280,414
Federal sources	1,622,543	2,289,034	2,874,300	3,680,354	1,884,007	1,080,726	1,263,628	1,013,070	1,276,650	746,060
Total	\$ 51,926,424	51,314,570	49,439,823	47,286,932	47,917,997	45,133,235	42,508,223	40,409,690	39,637,307	37,938,541
Expenditures:										
Instruction:										
Regular	\$ 19,685,330	18,366,813	18,034,375	18,097,643	18,567,224	16,907,228	15,581,657	15,072,881	14,724,134	14,274,129
Special	5,349,062	5,142,445	5,450,548	5,236,204	5,165,763	4,901,873	4,487,457	4,572,032	4,734,324	5,716,290
Other	4,579,520	4,855,728	4,725,745	5,016,016	3,564,504	3,579,858	3,328,064	3,891,306	3,839,779	2,125,947
Support services:										
Student	1,795,943	1,742,974	1,684,351	1,632,924	1,573,698	1,468,740	1,385,866	512,669	675,195	779,098
Instructional staff	616,969	753,188	673,503	613,527	671,629	608,399	571,052	629,082	583,015	1,505,432
Administration	6,215,174	6,446,347	6,721,876	5,291,154	5,542,713	5,522,904	4,940,107	5,026,556	4,704,480	3,501,533
Operation and maintenance of plant	3,801,998	3,570,952	3,720,497	4,175,010	4,203,928	4,664,959	3,732,309	3,668,068	3,341,979	3,108,767
Transportation	858,898	755,039	843,569	725,305	804,037	717,449	832,408	637,396	676,443	626,091
Central support	0	0	0	0	0	0	0	0	0	170,495
Non-instructional programs	9,771	11,657	12,218	14,866	11,496	10,887	9,886	1,319	5,212	6,748
Capital outlays	8,165,454	9,840,071	848,545	798,367	2,964,203	4,236,963	7,902,878	1,779,691	4,755,728	3,767,811
Long-term debt:										
Principal	0	0	0	9,565,000	815,000	785,000	765,000	790,000	655,000	625,000
Interest and fiscal charges	0	0	0	173,340	405,120	575,259	192,520	297,223	309,704	332,945
Other expenditures:										
AEA flow-through	1,546,987	1,501,447	1,651,099	1,605,501	1,454,278	1,372,445	1,274,667	1,219,600	1,148,422	1,136,605
Total	\$ 52,625,106	52,986,661	44,366,526	52,944,857	45,743,593	45,351,964	45,003,871	38,097,823	40,153,415	37,676,891

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2013

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
DIRECT:			
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
HEAD START	93.600	FY 13	\$ <u>80,171</u>
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 13	266,208
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 13	<u>561,743</u> *
			<u>827,951</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	0621-G	<u>344,716</u>
PARENTAL ASSISTANCE CENTERS	84.310	FY 12	<u>2,500</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 13	<u>100,304</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 13	<u>28,711</u>
EDUCATION OF HOMELESS CHILDREN AND YOUTH	84.196	FY 13	<u>24,000</u>
DEPARTMENT OF EDUCATION:			
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 13	218,892
SPECIAL EDUCATION - GRANTS TO STATES(PART B - HIGH COST CLAIM)	84.027	FY 13	<u>13,522</u>
			<u>232,414</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 13	<u>12,203</u>
TOTAL			<u>\$ 1,652,970</u>

* Includes \$105,508 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bettendorf Community School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bettendorf Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other

matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Bettendorf Community School District's Responses to Findings

Bettendorf Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Bettendorf Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



NOLTE, CORNMAN & JOHNSON, P.C.

December 11, 2013

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

Independent Auditor's Report on Compliance
for Each Major Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

To the Board of Education of
Bettendorf Community School District

Report on Compliance for Each Major Federal Program

We have audited Bettendorf Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Bettendorf Community School District's major federal programs for the year ended June 30, 2013. Bettendorf Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our opinion on compliance for each federal program. However, our audit does not provide a legal determination on Bettendorf Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Bettendorf Community School District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

Bettendorf Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Bettendorf Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

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



NOLTE, CORNMAN & JOHNSON, P.C.

December 11, 2013

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses or significant deficiencies in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weakness in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Individual Program:
 - CFDA Number 84.010 – Title I – Grants to Local Educational Agencies
 - Clustered Program:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Bettendorf Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal control over financial reporting were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget - District disbursements for the year ended June 30, 2013, exceeded the certified budgeted amount in the non-instructional programs functional area.

Recommendation - Though the District did amend the budget during the year the amount of the amendment was not enough to prevent the District from overspending in the non-instructional program functional area. The District should have amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the amount budgeted.

Response - The District will amend the budget as necessary in the future.

Conclusion - Response accepted.

IV-B-13 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in the Attorney General's opinion dated April 25, 1979. However, we did note one instance where the District paid an invoice for \$3,884.15 for items that were billed to the District, but the District did not receive. The payee did not cash the check that was written and returned it to the District. The District subsequently voided the check.

Recommendation - The District should take steps to ensure that all invoices are legitimate and accurately billed to the District for all goods or services listed on each invoice.

Response - The District will work with individuals in charge of these areas to ensure good and services are invoiced and paid appropriately.

Conclusion - Response accepted.

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

IV-D-13 Business Transactions - No business transactions between the District and District officials were noted.

- IV-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-13 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Iowa Department of Education.
- IV-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-13 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
- IV-J-13 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.
- IV-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-13 Statewide Sales, Services and Use 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, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	4,220,221
Revenues:			
Sales tax revenues	\$	3,560,006	
Other local revenues		<u>2,877</u>	<u>3,562,883</u>
			<u>7,783,104</u>
Expenditures:			
School infrastructure construction			<u>7,525,193</u>
Ending balance		\$	<u><u>257,911</u></u>

For the year ended June 30, 2013 the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

IV-M-13 Financial Condition - The District had one negative account in the Special Revenue, Student Activity Fund totaling \$866 at June 30, 2013.

Recommendation – The District should continue to monitor this account and investigate alternatives to eliminate the deficit balance. The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from this account.

Response - This account is the Fine Arts account, they will increase fundraising efforts during the coming year to cover this deficit.

Conclusion - Response accepted.

IV-N-13 Student Activity Fund - During our audit concerns arose about certain accounts within the Student Activity Fund. In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program.

Administratively Maintained Accounts: We noted during our audit the District had a Middle School Vending account in the Student Activity Fund. These accounts are not student run organizations and do not appear to be extracurricular in nature; furthermore, these accounts appear to be administratively maintained rather than run by a student organization. This account would be more appropriately recorded through the General Fund.

Recommendation - The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that this account appears to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, this fund should be transferred to the proper fund where these monies can be receipted and expended.

Response - The District will make the necessary entries to move the vending account to the General Fund.

Conclusion - Response accepted.