

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2015**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**JUNE 30, 2015**

**TABLE OF CONTENTS**

	Exhibit	Page No.
Officials		1
Independent Auditor's Report		2-4
Management's Discussion and Analysis		5-16
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A	17-18
Statement of Activities	B	19-21
Governmental Fund Financial Statements:		
Balance Sheet	C	22
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	30
Statement of Changes in Fiduciary Net Position	K	31
Notes to Financial Statements		32-53
Required Supplementary Information		
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		54
Notes to Required Supplementary Information - Budgetary Reporting		55
Schedule of the District's Proportionate Share of the Net Pension Liability		56
Schedule of District Contributions		57
Notes to Required Supplementary Information - Pension Liability		58-59
Schedule of Funding Progress for Retiree Health Plan		60

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**JUNE 30, 2015  
TABLE OF CONTENTS  
(CONTINUED)**

	Schedule	Page No.
Supplementary Information		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	61
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	62-63
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	64
Combining Balance Sheet - Capital Projects Accounts	4	65
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Accounts	5	66
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	6	67
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7	68-69
 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 <u>Government Auditing Standards</u>		    70-71
Schedule of Findings		72-74

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**OFFICIALS**

Name -----	Title -----	Term Expires -----
<b>Board of Education</b>		
Kevin Lundin	President	2015
Paul Fahey	Vice President	2017
Martha Montgomery-Henning	Board Member	2015
Mike Reed	Board Member	2017
Janet Sieverding	Board Member	2015
<b>School Officials</b>		
Tom Meyer	Superintendent	2015
Penny Medinger	District Secretary/Treasurer	2015
Ahlers & Cooney, P.C.	Attorney	2015



**O'Connor+Brooks**

CERTIFIED PUBLIC ACCOUNTANTS

1415 Locust Street  
P.O. Box 743  
Dubuque, IA 52004-0743  
Phone | 563-582-7224  
Fax | 563-582-6118

901 Spring Street  
P.O. Box 294  
Galena, IL 61036-0294  
Phone | 815-777-1880  
Fax | 815-777-3092

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

[www.oconnorbrooks.com](http://www.oconnorbrooks.com)

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District, Bellevue, Iowa, as of and for the year ended June 30, 2015, and related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Bellevue Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Emphasis of Matter**

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

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the other required supplementary information listed in the table of contents 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 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 Bellevue Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2014 and for the two years ended June 30, 2007 (none of which are presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the year ended June 30, 2008 (which are not presented herein) were audited by other auditors whose report expressed unmodified opinions. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that 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 Bellevue Community School District's internal control over financial reporting and compliance.

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

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

Dubuque, Iowa  
January 20, 2016

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Bellevue Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this section.

**Financial Highlights**

- General Fund revenues increased from \$6,264,987 in fiscal 2014 to \$6,483,663 in fiscal 2015, for a total increase of \$218,676. Revenues from property tax increased \$119,301, revenues from tuition (open enrollment, special education, preschool) decreased \$34,419, other local revenues increased \$21,290; revenues from intermediate sources increased \$32; revenues from state sources increased \$52,526; while revenues from federal sources increased \$54,946. The budgeted enrollment on which state aid and county property taxes are based on dropped 9 students.
- General Fund expenditures decreased from \$6,603,293 in fiscal 2014 to \$6,448,851 in fiscal 2015, a total decrease of \$154,442. Salaries and benefits only increased \$48,693 even with a 3.95% employee settlement due to the early retirements of 5 seasoned teachers the year before. Purchased services increased \$18,561. Supplies and equipment decreased \$221,696.
- The District's General Fund balance increased from \$1,217,026 in fiscal 2014 to \$1,251,838 in fiscal 2015, a 3% increase from the prior year.
- The District's total tax levy rate for FY15 decreased by 39¢. The General Fund tax rate decreased 3¢. The Management levy decreased by 14¢ because an early retirement plan was not offered in FY15. The PPEL levy was decreased by 9¢ with a 22% income surtax.
- The state authorized a 4% increase in new monies for school districts in FY15. The Bellevue School District realized \$142,370 in new monies.

## Overview of the Financial Statements

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 Bellevue 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 the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide information about activities for which the District acts solely as a custodian for the benefit of those outside of the District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

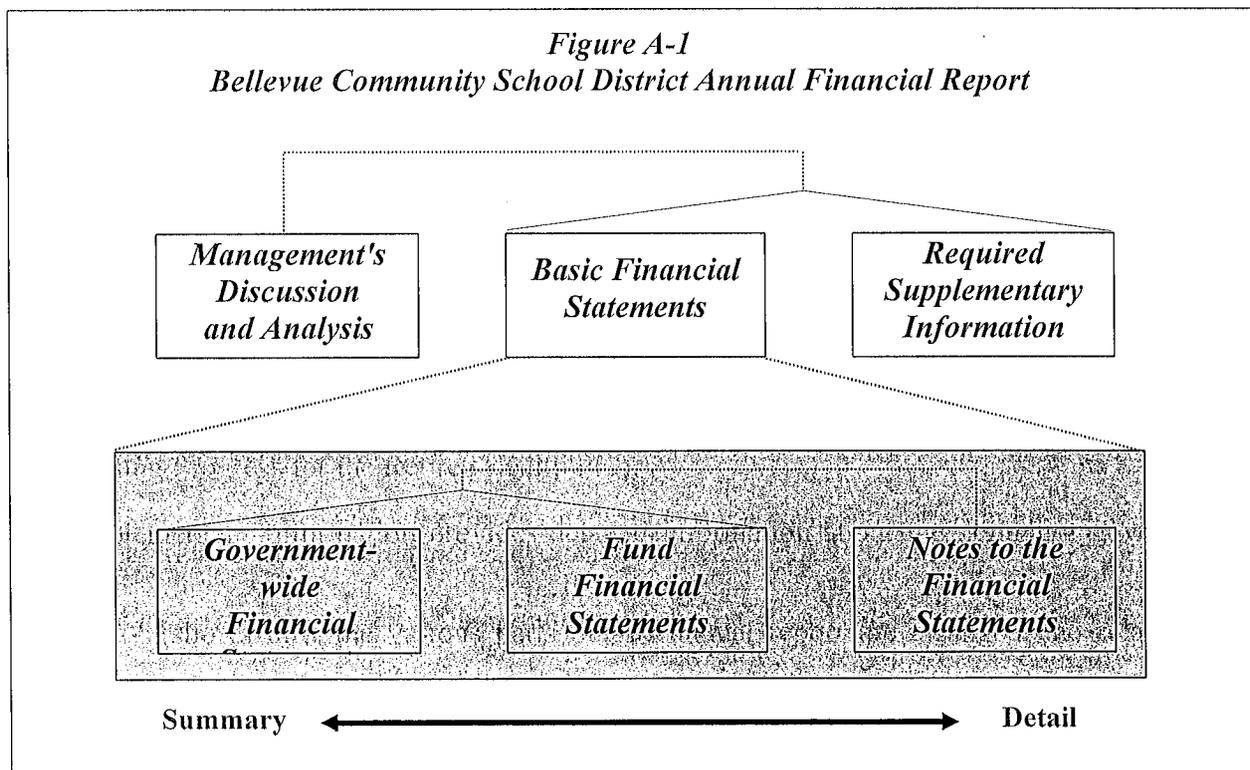


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents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

**Figure A-2**  
**Major Features of the Government-Wide and Fund Financial Statements**

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

## Government-wide Financial Statements

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

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

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

## Financial Analysis of the District as a Whole

Figure A-3 provides a summary of the District's net position for the year ended June 30, 2015 compared to June 30, 2014.

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,		2014 - 2015
	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	
Current and other assets	\$ 6,151,990	\$ 6,657,847	\$ 46,388	\$ 74,882	\$ 6,198,378	\$ 6,732,729	8.6%
Capital assets	8,338,623	8,397,354	41,338	38,169	8,379,961	8,435,523	0.7%
<b>Total Assets</b>	<b>\$ 14,490,613</b>	<b>\$ 15,055,201</b>	<b>\$ 87,726</b>	<b>\$ 113,051</b>	<b>\$ 14,578,339</b>	<b>\$ 15,168,252</b>	<b>4.0%</b>
Deferred outflows of resources	\$ -	\$ 469,618	\$ -	\$ 14,325	\$ -	\$ 483,943	---%
Long-term liabilities	\$ 4,495,800	\$ 6,596,182	\$ 3,100	\$ 72,676	\$ 4,498,900	\$ 6,668,858	48.2%
Other liabilities	661,388	746,999	5,207	6,193	666,595	753,192	13.0%
<b>Total liabilities</b>	<b>\$ 5,157,188</b>	<b>\$ 7,343,181</b>	<b>\$ 8,307</b>	<b>\$ 78,869</b>	<b>\$ 5,165,495</b>	<b>\$ 7,422,050</b>	<b>43.7%</b>
Deferred inflows of resources	\$ 2,799,076	\$ 3,718,624	\$ -	\$ 26,267	\$ 2,799,076	\$ 3,744,891	33.8%
<b>Net Position:</b>							
Net investment in capital assets	\$ 4,023,623	\$ 4,282,354	\$ 41,338	\$ 38,169	\$ 4,064,961	\$ 4,320,523	6.3%
Restricted	1,563,361	1,896,320	-	-	1,563,361	1,896,320	21.3%
Unrestricted	947,365	(1,715,660)	38,081	(15,929)	985,446	(1,731,589)	275.7%
<b>Total Net Position</b>	<b>\$ 6,534,349</b>	<b>\$ 4,463,014</b>	<b>\$ 79,419</b>	<b>\$ 22,240</b>	<b>\$ 6,613,768</b>	<b>\$ 4,485,254</b>	<b>-32.2%</b>

A decrease of 32.2% or just over \$2 million in the District's net position is evidenced in Figure A-3. Net position declined significantly in FY2015 for both Governmental and Business type activities due to the impact of GASB 68 compliance which requires the District to restate net position to reflect the District's theoretical share of IPERS pension liabilities.

The major capital asset additions in 2014-2015 were vehicles, parking lot resurfacing, continued addition of air conditioning in all buildings, art and science classroom remodeling, and technology equipment.

A long term liability of \$4,800,000 for a bond issue from the Local Option Sales Tax dollars was established for the multi-purpose room and commons area addition/remodel in FY10. In FY10 GASB 45 (Governmental Accounting Standards Board) required the District to implement an OPEB liability (Other Post Employment Benefits) for the implicit rate subsidy for retiree health insurance.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$332,959 from the prior year.

Unrestricted net position is 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. The unrestricted net position decreased by \$2,717,035 because Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$2,819,613 and \$86,004, respectively, to retroactively report the net pension liability as of June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change 2014-2015
	2014	2015	2014	2015	2014	2015	
	(Not restated)		(Not restated)		(Not restated)		
Revenues:							
Program revenues:							
Charges for services	\$ 885,886	\$ 876,196	\$ 186,974	\$ 207,300	\$ 1,072,860	\$ 1,083,496	1.0%
Operating grants and contributions	950,105	1,006,778	136,445	124,108	1,086,550	1,130,886	4.1%
Capital grants and contributions	10,314	4,500	-	-	10,314	4,500	-56.4%
General revenues:							
Property taxes and other taxes	3,411,901	3,560,786	-	-	3,411,901	3,560,786	4.4%
Unrestricted state grants	2,395,576	2,429,697	-	-	2,395,576	2,429,697	1.4%
Other	63,649	64,199	124	(265)	63,773	63,934	0.3%
Total Revenues	\$ 7,717,431	\$ 7,942,156	\$ 323,543	\$ 331,143	\$ 8,040,974	\$ 8,273,299	2.9%
Program Expenses:							
Instruction	\$ 4,893,447	\$ 4,327,450	\$ -	\$ -	\$ 4,893,447	\$ 4,327,450	-11.6%
Support services	2,332,151	2,338,399	-	-	2,332,151	2,338,399	0.3%
Non-instructional programs	10,348	10,657	298,658	302,318	309,006	312,975	1.3%
Other expenses	568,181	517,372	-	-	568,181	517,372	-8.9%
Total Expenses	\$ 7,804,127	\$ 7,193,878	\$ 298,658	\$ 302,318	\$ 8,102,785	\$ 7,496,196	-7.5%
Change in Net Position	\$ (86,696)	\$ 748,278	\$ 24,885	\$ 28,825	\$ (61,811)	\$ 777,103	-1357.2%
Net Position Beginning of Year, as Restated	6,621,045	3,714,736	54,534	(6,585)	6,675,579	3,708,151	-44.5%
Net Position End of Year	\$ 6,534,349	\$ 4,463,014	\$ 79,419	\$ 22,240	\$ 6,613,768	\$ 4,485,254	-32.2%

As shown in figure A-4, net position increased by \$777,103 in 2014-2015. Property and other taxes and unrestricted state aid account for 75% of the total revenue in governmental activities.

While charges for services and operating grants accounted for almost 100% of the revenue in the business type activities.

The District's expenses primarily relate to instruction and support services, which account for over 90% of the total expenses in the governmental funds.

### Governmental Activities

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2014	2015	2014-2015	2014	2015	2014-2015
Instruction	4,893,447	4,327,450	-11.6%	3,425,083	2,823,322	-17.6%
Support services	2,332,151	2,338,399	0.3%	2,221,117	2,230,557	0.4%
Non-instructional programs	10,348	10,657	3.0%	10,348	10,657	3.0%
Other expenses	568,181	517,372	-8.9%	301,274	241,868	-19.7%
Total	7,804,127	7,193,878	-7.8%	5,957,822	5,306,404	-10.9%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$876,196.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,011,278.
- The net cost of governmental activities was financed with \$3,560,786 in various taxes, \$2,429,697 in state foundation aid and \$64,199 in miscellaneous income.

### Business Type Activities

Revenues of the District's business type activities were \$331,143 and expenses were \$302,318. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## Financial Analysis of the District's Funds

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,676,281.

## **Governmental Fund Highlights**

- In the District's General Fund, revenues increased and expenditures decreased resulting in a \$34,812 or 3% increase in fund balance. The tax rate between the two years for the general fund remained steady.
- The Activity Fund ending balance decreased from the prior year by \$3,492.
- The Management Fund balance increased from \$151,717 to \$339,182. This fund was depleted with early retirement payouts in FY14. The District was rebuilding the fund balance for future options in offering early retirement packages if needed to help control salary expenses. The District did not offer an early retirement package in FY15.
- The PPEL Fund balance decreased from \$347,200 to \$279,718. This decrease is due to a major remodeling project of the high school science rooms.
- The Statewide Sales, Services and Use Tax Fund balance increased from \$569,497 to \$721,593. This increase is due to trying to build a balance for possible future major infrastructure projects such as resurfacing parking lots, buying additional land, remodeling the high school music room or elementary building.

## **Proprietary Fund Highlights**

- The School Nutrition Fund net position decreased from \$79,419 at June 30, 2014 to \$22,240 at June 30, 2015. The decrease is due to the implementation of new pension accounting standards. Daily lunch and breakfast prices were increased by 15 cents to comply with federal regulations.

## **Budgetary Highlights**

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

## **Legal Budgetary Highlights**

The District's total actual revenues were within \$71,137 of the total budgeted revenues, a variance of .9%.

Total expenditures were \$2.6 million less than budgeted due primarily to the District's practice to budget expenditures at the maximum authorized spending authority for each fund to avoid the time and expense of amending the budget. The District then manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year as it did in 2014-2015.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2015, the District had invested \$8.4 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 0.7% from last year. Depreciation expense for the year exceeded \$442,000.

The original cost of the District's capital assets was over \$13.9 million. Governmental funds account for over 99% of these assets with less than 1% in the Proprietary, School Nutrition Fund.

Capital assets added to the district's inventory during the year included vehicles, parking lot resurfacing, continued addition of air conditioning in all buildings, art and science classroom remodeling, and technology equipment.

Figure A-6							
	Capital Assets, Net of Depreciation						Total Change
	Governmental Activities		Business-type Activities		Total School District		
	2014	2015	2014	2015	2014	2015	
Land	\$ 79,537	\$ 79,537	\$ -	\$ -	\$ 79,537	\$ 79,537	0.00%
Construction in progress	17,556	115,370	-	-	17,556	115,370	557.15%
Buildings	7,086,219	6,939,520	-	-	7,086,219	6,939,520	-2.07%
Improvements other than buildings	385,736	426,119	-	-	385,736	426,119	10.47%
Equipment & furniture	769,575	836,808	41,338	38,168	810,913	874,976	7.90%
Total	<u>\$ 8,338,623</u>	<u>\$ 8,397,354</u>	<u>\$ 41,338</u>	<u>\$ 38,168</u>	<u>\$ 8,379,961</u>	<u>\$ 8,435,522</u>	<u>0.66%</u>

### Long-Term Debt

At June 30, 2015, the District had \$4,115,000 in revenue bonds outstanding. This represents an decrease of approximately 5% from last year. (See Figure A-7) These bonds were issued for the high school multi-purpose room and commons area addition/remodel.

Figure A-7			
	Outstanding Long-Term Obligations		
	Total District June 30,		Total Change June 30,
	2014	2015	2014-2015
Revenue bonds	\$4,315,000	\$4,115,000	-4.6%
Total	<u>\$4,315,000</u>	<u>\$4,115,000</u>	<u>-4.6%</u>

## Economic Factors Bearing on the District's Future

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

- Funding levels for Iowa K-12 school districts depend principally on two factors: first, changes in enrollment and second, changes in per pupil district cost. Per pupil district cost is an amount annually set by state government. This amount has historically been determined by applying a percentage increase to the prior year's amount. The percentage increase was 1.25% for FY16, 4% for FY15, 2% with a 2% "supplemental" funding for FY14, 2.0% for FY13, and 0% for FY12. This percentage amount has a substantial impact on district-funding levels. At this time the legislature has yet to set the funding percentage change for FY17 and FY18 as required by law.
- The certified enrollment count taken in September of 2016 was 561.1 which was a decrease of 9.2 students from the prior year's count. Since the 1998-1999 fiscal year (the highest enrollment year in recent history), Bellevue has lost a total of 160 students on its certified count. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The Board's goal is to maintain a 10-15% solvency ratio in the General Fund. The solvency ratio measures the amount of readily available unspent resources relative to the district's total general fund revenue. The District has met or exceeded that goal in the last several years. FY15 ending solvency ratio was 15%.
- Bellevue, along with Maquoketa, entered into a whole-grade sharing agreement with Andrew CSD for the 2011-2012 school year for grades 9-12. This sharing agreement was renewed for an additional 3 years through the 2016-2017 school year. In FY16 Bellevue gained a total of 21 students from Andrew. Bellevue receives 92% of the State District Cost per pupil for each of those students for FY16.
- The District is in negotiations with the teachers' union for the FY17 school year. The District negotiated a 4% total package increase for FY16 and received 1% in new monies. Salary and benefits represent approximately 80% of general fund expenditures. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance. The District is expecting a reduction in its unspent balance for FY16. The unspent balance is defined as unspent spending authority; therefore it does not necessarily represent an actual cash balance. It is crucial to note that unspent balance dollars can only be spent once. Dedicating these resources to ongoing costs, such as salaries, would require some other source of revenue or an expenditure adjustment for any subsequent year.
- The district pays all but \$840 per year of full-family insurance for all full-time certified employees and 100% of any single policy. The health insurance increases in the last two years have been reasonable at 4.29% and 1.89%. The increase for FY17 is unknown at this time. The "Affordable Care Act" has added several fees to the cost of insurance per member. Health insurance increases in the past have been as high as 20%. Unanticipated high insurance increases after settlement of the union contract could negatively affect the financial health of the District.

- The state requires public schools to bus nonpublic students in their district, but has failed to allocate enough money since 2001-2002 to cover the entire cost of nonpublic transportation. Unless legislation increases the nonpublic allotment in the future, the shortages will continue. Over the last 15 years, the District has been shorted over \$178,000 in nonpublic transportation reimbursements. The district has no other options to recoup those dollars.
- The District has participated in the instructional support levy since 1997-98. For this levy, schools are allowed to levy for up to an additional 10% of their combined regular program district costs, with the state funding 25% and property tax funding 75% of this levy. When the district began this levy, the state was only funding 55% of their portion. In FY16, the state funded 0% of their portion. Over the last 16 years, this has resulted in state dollars lost of over \$1,000,000.

### **Contacting the District's Financial Management**

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
<b>Assets</b>			
Cash and cash equivalents	\$ 3,290,240	\$ 72,702	\$ 3,362,942
Receivables:			
Property tax:			
Delinquent	38,722	---	38,722
Succeeding year	2,857,456	---	2,857,456
Income surtax	177,111	---	177,111
Accounts	4,367	---	4,367
Due from other funds	5,937	(5,937)	---
Due from other governments	262,427	---	262,427
Prepaid expenses	10,471	---	10,471
Inventories	11,116	8,117	19,233
Capital assets, net of accumulated depreciation	8,397,354	38,169	8,435,523
	-----	-----	-----
Total Assets	\$ 15,055,201	\$ 113,051	\$ 15,168,252
	-----	-----	-----
<b>Deferred Outflows of Resources</b>			
Pension related amounts	\$ 469,618	\$ 14,325	\$ 483,943
	-----	-----	-----
<b>Liabilities</b>			
Cash overdraft	\$ 38,092	\$ ---	\$ 38,092
Accounts payable	65,802	---	65,802
Salaries and benefits payable	513,958	---	513,958
Accrued interest payable	83,230	---	83,230
Due to other governments	45,817	---	45,817
Deferred revenue	100	6,193	6,293
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	200,000	---	200,000
Portion due after one year:			
Revenue bonds payable	3,915,000	---	3,915,000
Net pension liability	2,258,082	68,876	2,326,958
Net OPEB liability	223,100	3,800	226,900
	-----	-----	-----
Total Liabilities	\$ 7,343,181	\$ 78,869	\$ 7,422,050
	-----	-----	-----
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	\$ 2,857,456	\$ ---	\$ 2,857,456
Pension related amounts	861,168	26,267	887,435
	-----	-----	-----
Total Deferred Inflows of Resources	\$ 3,718,624	\$ 26,267	\$ 3,744,891
	-----	-----	-----

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF NET POSITION  
 JUNE 30, 2015

	Governmental Activities -----	Business Type Activities -----	Total -----
<b>Net Position</b>			
Net investment in capital assets	\$ 4,282,354	\$ 38,169	\$ 4,320,523
Restricted for:			
Categorical funding	294,766	---	294,766
Debt Service	383,330	---	383,330
Management levy	339,182	---	339,182
School infrastructure	338,263	---	338,263
Physical plant and equipment levy	456,829	---	456,829
Student activities	83,950	---	83,950
Unrestricted	(1,715,660)	(15,929)	(1,731,589)
	-----	-----	-----
Total Net Position	\$ 4,463,014	\$ 22,240	\$ 4,485,254
	=====	=====	=====

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs</b>						
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular instruction	\$ 2,543,386	\$ 428,306	\$ 3,000	\$ (1,614,152)	\$ ---	\$ (1,614,152)
Special instruction	796,827	239,173	---	(416,888)	---	(416,888)
Other instruction	987,237	2,922	1,500	(792,282)	---	(792,282)
<b>Total Instruction</b>	\$ 4,327,450	\$ 670,401	\$ 4,500	\$ (2,823,322)	\$ ---	\$ (2,823,322)
<b>Support Services:</b>						
Student	\$ 154,611	\$ 1,465	---	\$ (153,146)	\$ ---	\$ (153,146)
Instructional staff	323,125	39,575	---	(283,550)	---	(283,550)
Administration	682,819	---	---	(680,819)	---	(680,819)
Operation and maintenance of plant	728,099	250	---	(727,849)	---	(727,849)
Transportation	449,745	44,585	---	(385,193)	---	(385,193)
<b>Total Support Services</b>	\$ 2,338,399	\$ 85,625	\$ ---	\$ (2,230,557)	\$ ---	\$ (2,230,557)
<b>Non-instructional Programs</b>	\$ 10,657	\$ ---	\$ ---	\$ (10,657)	\$ ---	\$ (10,657)

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Expenses						
\$ 9,035	\$ 24,752	\$ 5,000	\$ ---	\$ 20,717	\$ ---	\$ 20,717
167,960	---	---	---	(167,960)	---	(167,960)
245,752	---	245,752	---	---	---	---
94,625	---	---	---	(94,625)	---	(94,625)
\$ 517,372	\$ 24,752	\$ 250,752	\$ ---	\$ (241,868)	\$ ---	\$ (241,868)
Total Other Expenditures						
\$ 7,193,878	\$ 876,196	\$ 1,006,778	\$ 4,500	\$ (5,306,404)	\$ ---	\$ (5,306,404)
Total Governmental Activities						
Business Type Activities:						
Non-instructional programs:						
Food service operations	\$ 302,318	\$ 207,300	\$ 124,108	\$ ---	\$ 29,090	\$ 29,090
Total	\$ 7,496,196	\$ 1,083,496	\$ 1,130,886	\$ 4,500	\$ 29,090	\$ (5,277,314)

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

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>General Revenues</b>						
Property Tax Levied For:				\$ 2,593,204	\$ ---	\$ 2,593,204
General purposes				221,781	---	221,781
Capital outlay				199,883	---	199,883
PPEL support surtax				545,918	---	545,918
Staterwide sales, services and use tax				2,429,697	---	2,429,697
Unrestricted state grants				14,596	202	14,798
Unrestricted investment earnings				50,638	---	50,638
Other				(1,035)	(467)	(1,502)
Loss on disposal of capital assets						
<b>Total General Revenues</b>				\$ 6,054,682	\$ (265)	\$ 6,054,417
<b>Change in Net Position</b>				\$ 748,278	\$ 28,825	\$ 777,103
Net Position Beginning of Year, as restated				3,714,736	(6,585)	3,708,151
Net Position End of Year				\$ 4,463,014	\$ 22,240	\$ 4,485,254

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
<b>Assets</b>				
Cash, cash equivalents, and pooled investments	\$1,632,062	\$ 955,265	\$ 702,913	\$3,290,240
Receivables:				
Property tax:				
Delinquent	31,582	2,941	4,199	38,722
Succeeding year	2,587,630	219,826	50,000	2,857,456
Income surtax	---	177,111	---	177,111
Accounts	3,416	951	---	4,367
Due from other funds	5,937	---	---	5,937
Due from other governments	177,157	85,270	---	262,427
Prepaid expenses	10,471	---	---	10,471
Inventories	11,116	---	---	11,116
	-----	-----	-----	-----
Total Assets	\$4,459,371	\$1,441,364	\$ 757,112	\$6,657,847
	=====	=====	=====	=====
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Cash overdraft	\$ ---	\$ 38,092	\$ ---	\$ 38,092
Accounts payable	60,028	5,024	---	65,052
Accrued interest and principle payable	---	---	283,980	283,980
Salaries & benefits payable	513,958	---	---	513,958
Due to other governments	45,817	---	---	45,817
Deferred revenue	100	---	---	100
	-----	-----	-----	-----
Total Liabilities	\$ 619,903	\$ 43,116	\$ 283,980	\$ 946,999
	-----	-----	-----	-----
<b>Deferred inflows of resources:</b>				
<b>Unavailable revenues:</b>				
Succeeding year property tax	\$2,587,630	\$ 219,826	\$ 50,000	\$2,857,456
Income surtax	---	177,111	---	177,111
	-----	-----	-----	-----
Total Deferred Inflows of Resources	\$2,587,630	\$ 396,937	\$ 50,000	\$3,034,567
	-----	-----	-----	-----
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventories	\$ 11,116	\$ ---	\$ ---	\$ 11,116
Prepaid expenses	10,471	---	---	10,471
<b>Restricted for:</b>				
Categorical funding	294,766	---	---	294,766
Debt service	---	383,330	---	383,330
Student activities	---	---	83,950	83,950
Management levy purposes	---	---	339,182	339,182
School infrastructure	---	338,263	---	338,263
Physical plant and equipment	---	279,718	---	279,718
Unassigned	935,485	---	---	935,485
	-----	-----	-----	-----
Total Fund Balances	\$1,251,838	\$1,001,311	\$ 423,132	\$2,676,281
	-----	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$4,459,371	\$1,441,364	\$ 757,112	\$6,657,847
	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

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

<b>Total fund balances of governmental funds</b>	<b>\$ 2,676,281</b>
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,397,354
Income surtaxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are recognized as deferred inflows of resources in the funds.	177,111
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(391,550)
Long-term liabilities, including bonds payable, net pensions liability, and other post employment benefits payable are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(6,396,182)
<b>Net position of governmental activities</b>	<b>\$ 4,463,014</b>

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
<b>Revenues</b>				
Local sources:				
Local tax	\$2,291,440	\$ 363,197	\$ 301,764	\$2,956,401
Tuition	575,239	---	---	575,239
Other	153,158	35,138	157,309	345,605
Intermediate sources	1,465	---	---	1,465
State sources	3,169,703	546,878	1,370	3,717,951
Federal sources	287,658	167	238	288,063
	-----	-----	-----	-----
Total Revenues	\$6,478,663	\$ 945,380	\$ 460,681	\$7,884,724
	-----	-----	-----	-----
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$2,521,684	\$ 13,701	\$ 20,256	\$2,555,641
Special	788,022	---	---	788,022
Other	849,848	---	152,280	1,002,128
	-----	-----	-----	-----
Total Instruction	\$4,159,554	\$ 13,701	\$ 172,536	\$4,345,791
	-----	-----	-----	-----
Support Services:				
Student	\$ 157,197	\$ ---	\$ 568	\$ 157,765
Instructional staff	314,834	2,111	2,144	319,089
Administration	687,210	---	8,016	695,226
Operation and maintenance of plant	507,674	13,927	59,027	580,628
Transportation	376,630	218,763	26,419	621,812
	-----	-----	-----	-----
Total Support Services	\$2,043,545	\$ 234,801	\$ 96,174	\$2,374,520
	-----	-----	-----	-----
Non-instructional Programs	\$ ---	\$ ---	\$ 7,998	\$ 7,998
	-----	-----	-----	-----
Other Expenditures:				
Facilities acquisition	\$ ---	\$ 244,304	\$ ---	\$ 244,304
Long-term debt:				
Principal	---	---	200,000	200,000
Interest and fiscal charges	---	---	167,960	167,960
AEA flowthrough	245,752	---	---	245,752
	-----	-----	-----	-----
Total Other Expenditures	\$ 245,752	\$ 244,304	\$ 367,960	\$ 858,016
	-----	-----	-----	-----

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
<b>Expenditures (Continued)</b>				
Total Expenditures	\$ 6,448,851	\$ 492,806	\$ 644,668	\$ 7,586,325
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 29,812	\$ 452,574	\$ (183,987)	\$ 298,399
	-----	-----	-----	-----
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ ---	\$ ---	\$ 367,960	\$ 367,960
Operating transfers out	---	(367,960)	---	(367,960)
Sale of equipment and materials	5,000	---	---	5,000
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 5,000	\$ (367,960)	\$ 367,960	\$ 5,000
	-----	-----	-----	-----
Change in Fund Balances	\$ 34,812	\$ 84,614	\$ 183,973	\$ 303,399
	-----	-----	-----	-----
Fund Balances Beginning of Year	1,217,026	916,697	239,159	2,372,882
	-----	-----	-----	-----
Fund Balances End of Year	\$ 1,251,838	\$ 1,001,311	\$ 423,132	\$ 2,676,281
	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

**Change in fund balances - total governmental funds** \$ 303,399

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$507,142 exceeded depreciation of \$(442,376) in the current period. 64,766

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (6,035)

Income surtaxes not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. 58,467

Future long-term debt principal payments accrued and reported as expenditures in the governmental fund financial statements are not shown as reductions in long-term debt in the government-wide financial statements until payment is made to the bondholders. This is the amount by which the current year accrual exceeds the amount paid to the bondholders. 200,000

The current year District share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 340,218

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include pension expense and the net increase in other post employment benefits. (212,537)

**Change in net assets of governmental activities** \$ 748,278

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2015**

	School Nutrition -----
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 72,702
Inventories	8,117
	-----
Total Current Assets	\$ 80,819
	-----
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	\$ 38,169
	-----
Total Assets	\$ 118,988
	-----
<b>Deferred Outflows of Resources</b>	
Pension related amounts	\$ 14,325
	-----
<b>Liabilities</b>	
Current Liabilities:	
Due to other funds	\$ 5,937
Unearned revenue	6,193
	-----
Total Current Liabilities	\$ 12,130
	-----
Noncurrent Liabilities:	
Net pension liability	\$ 68,876
Net OPEB liability	3,800
	-----
Total Noncurrent Liabilities	\$ 72,676
	-----
Total Liabilities	\$ 84,806
	-----
<b>Deferred Inflows of Resources</b>	
Pension related amounts	\$ 26,267
	-----
<b>Net Position</b>	
Net investment in capital assets	\$ 38,169
Unrestricted	(15,929)
	-----
Total Net Position	\$ 22,240
	=====

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2015

	School Nutrition -----
<b>Operating Revenues</b>	
Local sources:	
Charges for services	\$ 207,300 -----
<b>Operating Expenses</b>	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 122,103
Benefits	20,436
Purchased services	4,661
Supplies	150,996
Depreciation	4,122 -----
Total Operating Expenses	\$ 302,318 -----
Operating Loss	\$ (95,018) -----
<b>Non-Operating Revenues (Expenses)</b>	
State sources	\$ 2,781
Federal sources	121,327
Interest income	202
Loss on disposal of capital assets	(467) -----
Total Non-Operating Revenues (Expenses)	\$ 123,843 -----
Change in Net Position	\$ 28,825
Net Position Beginning of Year, as Restated	(6,585) -----
Net Position End of Year	\$ 22,240 =====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2015**

	School Nutrition
<b>Cash Flows From Operating Activities</b>	-----
Cash received from sale of lunches and breakfasts	\$ 208,297
Cash paid to employees for services	(146,682)
Cash paid to suppliers for goods and services	(136,402)
	-----
Net Cash Used by Operating Activities	\$ (74,787)
	-----
<b>Cash Flows From Non-Capital Financing Activities</b>	
State grants received	\$ 2,781
Federal grants received	99,479
	-----
Net Cash Provided by Non-Capital Financing Activities	\$ 102,260
	-----
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition of capital assets	\$ (1,420)
	-----
<b>Cash Flows From Investing Activities</b>	
Interest on investments	\$ 202
	-----
Net Increase in Cash and Cash Equivalents	\$ 26,255
Cash and Cash Equivalents Beginning of Year	46,447
	-----
Cash and Cash Equivalents End of Year	\$ 72,702
	=====
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating loss	\$ (95,018)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	21,848
Depreciation	4,122
Increase in inventories	(2,593)
Decrease in accounts receivable	11
Increase in salaries and benefits payable	343
Increase in deferred revenue	986
Decrease in net pension liability	(27,276)
Increase in deferred outflows of resources	(4,177)
Increase in deferred inflows of resources	26,267
Increase in other postemployment benefits	700
	-----
Net Cash Used by Operating Activities	\$ (74,787)
	=====

**Non-Cash Investing, Capital and Financing Activities**

During the year ended June 30, 2015, the District received \$21,848 of federal commodities.

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	Private Purpose Trust	
	----- Scholarship -----	----- Agency -----
<b>Assets:</b>		
Cash and cash equivalents	\$ 5,850	\$ 353
Intergovernmental receivable	---	26,991
	-----	-----
Total Assets	\$ 5,850	\$ 27,344
	-----	-----
<b>Liabilities</b>		
Due to other governments	\$ ---	\$ 27,344
	-----	-----
<b>Net Position:</b>		
Reserved for scholarships	\$ 5,850	\$ ---
	=====	=====

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust
	----- Scholarship -----
<b>Additions:</b>	
Local sources:	
Gifts and contributions	\$ 5,500
<b>Deductions:</b>	
Support services:	
Scholarships awarded	3,508
	-----
Change in Net Position	\$ 1,992
Net Position Beginning of Year	3,858
	-----
Net Position End of Year	\$ 5,850
	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 1 - Summary of Significant Accounting Policies:**

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

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

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**B. Basis of Presentation (Continued)**

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

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

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

*Unrestricted net position* consists of net position not meeting the definition of the 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 that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**B. Basis of Presentation (Continued)**

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

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 earned to be used to benefit individuals through scholarship awards.

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

**C. Measurement Focus and Basis of Accounting**

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

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**C. Measurement Focus and Basis of Accounting (Continued)**

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

Under the 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity**

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2013, assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Land	All
Buildings	\$ 5,000
Improvements other than buildings	5,000
Furniture and Equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

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

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

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

**Due to Other Governments** - Due to other governments represents amounts due to other governmental units for various purposes such as supplies, utilities, and special education tuition.

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

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

**Compensated Absences** - District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently, no liability at June 30, 2015 has been accrued.

**Unearned Revenue** - Unearned revenue consists of unspent grant proceeds and student lunch deposits.

**Long-term Liabilities** - In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities.

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

**Deferred Inflows of Resources** - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of property tax receivable, income surtax and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

**F. Estimates**

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

**Note 2 - Cash and Cash Equivalents:**

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

The 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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 3 - Interfund Transfers:**

Transfer to	Transfer from	Amount
Debt service	Capital projects	\$ 367,960

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

**Note 4 - Due From and Due to Other Funds:**

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 5,937

The Nutrition Fund is repaying the General fund for accrued wages and benefits. The balance is to be repaid by June 30, 2016.

**Note 5 - Categorical Funding:**

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Programs	Amount
Salary improvement plan	\$ 7,203
Voluntary preschool program	158,536
Professional development for model core curriculum	15,353
Professional development	32,316
Gifted and talented	26,007
Drop out prevention program	19,170
Home school assistance program	3,707
Successful progression for early readers	29,255
Teacher leadership grants	1,399
Other	1,820
	\$ 294,766

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 6 - Capital Assets:**

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 79,537	\$ ---	\$ ---	\$ 79,537
Construction in progress	17,556	115,370	17,556	115,370
	-----	-----	-----	-----
Total capital assets not being depreciated	\$ 97,093	\$ 115,370	\$ 17,556	\$ 194,907
	-----	-----	-----	-----
Capital assets being depreciated:				
Buildings	\$ 9,636,456	\$ 58,066	\$ ---	\$ 9,694,522
Improvements other than buildings	818,716	71,307	---	890,023
Furniture and equipment	2,892,588	279,955	63,557	3,108,986
	-----	-----	-----	-----
Total capital assets being depreciated	\$13,347,760	\$ 409,328	\$ 63,557	\$13,693,531
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings	\$ 2,550,236	\$ 204,766	\$ ---	\$ 2,755,002
Improvements other than buildings	432,981	30,923	---	463,904
Furniture and equipment	2,123,013	206,687	57,522	2,272,178
	-----	-----	-----	-----
Total accumulated depreciation	\$ 5,106,230	\$ 442,376	\$ 57,522	\$ 5,491,084
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 8,241,530	\$ (33,048)	\$ 6,035	\$ 8,202,447
	-----	-----	-----	-----
Governmental Activities Capital Assets, Net	\$ 8,338,623	\$ 82,322	\$ 23,591	\$ 8,397,354
	=====	=====	=====	=====
<b>Business Type Activities:</b>				
Furniture and equipment	\$ 49,384	\$ 1,420	\$ 700	\$ 50,104
Less accumulated depreciation	8,046	4,122	233	11,935
	-----	-----	-----	-----
Business Type Activities Capital Assets, Net	\$ 41,338	\$ (2,702)	\$ 467	\$ 38,169
	=====	=====	=====	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 6 - Capital Assets: (Continued)**

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 49,441
Special instruction	33,985
Other instruction	16,991

Support services:

Instructional staff support	8,399
Administration	5,820
Operation and maintenance of plant	164,948
Transportation	65,508
Non-instructional	2,659
Unallocated	94,625

Total Depreciation Expense - Governmental Activities	\$ 442,376
--	------------

Business type activities:

Food service operations	\$ 4,122
-------------------------	----------

**Note 7 - Long-Term Liabilities:**

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental Activities:</b>					
Revenue bonds	\$ 4,315,000	\$ ---	\$ 200,000	\$ 4,115,000	\$ 200,000
Net pension liability	3,152,321	---	894,239	2,258,082	---
Net OPEB liability	180,800	42,300	---	223,100	---
Total	\$ 7,648,121	\$ 42,300	\$ 1,094,239	\$ 6,596,182	\$ 200,000
<b>Business Type Activities:</b>					
Net pension liability	\$ 96,152	\$ ---	\$ 27,276	\$ 68,876	\$ ---
Net OPEB liability	3,100	700	---	3,800	---
Total	\$ 99,252	\$ 700	\$ 27,276	\$ 72,676	\$ ---

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 7 - Long-Term Liabilities: (Continued)**

**Revenue Bonds Payable**

Details of the District's June 30, 2015, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30 -----	Interest Rates -----	Principal -----	Interest -----	Total -----
2016	2.75%	\$ 200,000	\$ 163,710	\$ 363,710
2017	3.00%	210,000	157,810	367,810
2018	3.25%	220,000	151,085	371,085
2019	3.50%	230,000	143,485	373,485
2020	3.75%	235,000	135,054	370,054
2021 - 2025	3.90 - 4.25%	1,345,000	522,956	1,867,956
2026 - 2030	4.30 - 4.70%	1,675,000	198,913	1,873,913
Total		\$ 4,115,000	\$ 1,473,013	\$ 5,588,013

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

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

- (a) Interest on the bonds is payable on July 1 and January 1 in each year beginning July 1, 2010, to the registered owners thereof. The Bonds will mature serially on July 1. Bonds maturing after July 1, 2021, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot, at par plus accrued interest to date of call.
- (b) The Bond Resolution establishes a Project Fund (the "Project Fund") into which the net Bond proceeds shall be deposited. Moneys in the Project Fund shall be used for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose. Any Project Fund moneys used to pay debt service on the Bonds shall be repaid to the Project Fund at the earliest opportunity.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 7 - Long-Term Liabilities: (Continued)**

- (c) The Bond Resolution also establishes the Local Option Sales and Services Tax Revenue Fund (the "Revenue Fund"), into which shall be deposited all local option sales taxes when received from the State. Moneys in the Revenue Fund shall be disbursed to the following funds and accounts in the following order of priority.
- (d) Interest and principal on the Bonds (and any Parity Obligations, as defined below) will be paid from the Sinking Fund (the "Sinking Fund"). The amount to be deposited in the Sinking Fund shall be equal to the amount of principal and interest coming due on the Bonds, and any other obligations payable from the Sales Services and Use Tax revenues on a parity with the Bonds ("Parity Obligations") during the fiscal year and shall be used solely for the purpose of paying debt service on the Bonds and any Parity Obligations.
- (e) The Bonds are secured by the Reserve Fund established under the Bond Resolution which Reserve Fund will be funded from proceeds of the Bonds. So long as any Bonds are outstanding, the Issuer is required to maintain an amount on deposit in the Reserve Fund equal to the lesser of (a) the sum of 10% of the proceeds of the Bonds; (b) 125% of the average annual debt service on such Bonds or (c) the maximum annual debt service on such Bonds (the "Reserve Fund Requirement").

The District did comply with all of the provisions during the year ended June 30, 2015. The amounts required for the Sinking Fund and Reserve Fund are accounted for in the Capital Projects Fund.

**Note 8 - Pension Plan:**

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 - Pension Plan: (Continued)**

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

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

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

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 - Pension Plan: (Continued)**

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$350,595.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$2,326,958 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.058674 percent, which was an increase of 0.002097 from its proportion measured as of June 30, 2013.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 - Pension Plan: (Continued)**

For the year ended June 30, 2015, the District recognized pension expense of \$175,428. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	-----	-----
Difference between expected and actual experience	\$ 25,290	\$ ---
Change in assumptions	102,694	---
Net difference between projected and actual earnings on pension plan investments	---	887,435
Changes in proportion and differences between District contributions and proportionate share of contributions	5,364	---
District contributions subsequent to the measurement date	350,595	---
	-----	-----
	\$ 483,943	\$ 887,435
	=====	=====

\$350,595 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
-----	
2016	\$ (190,703)
2017	(190,703)
2018	(190,703)
2019	(190,703)
2020	8,724
	-----
	\$ (754,088)
	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 - Pension Plan: (Continued)**

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 - Pension Plan: (Continued)**

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District’s proportionate share of the net pension liability	\$ 4,396,721	\$ 2,326,958	\$ 579,863

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan – At June 30, 2015, the District reported payables to the defined benefit pension plan of \$39,018 for legally required employer contributions and \$25,998 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 9 - Other Postemployment Benefits (OPEB):**

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits to retirees and their spouses. There are 60 active and 11 retired members of the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 60,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	(15,000)
	-----
Annual OPEB cost	\$ 50,000
Contributions made	(7,000)
	-----
Increase in net OPEB obligation	\$ 43,000
Net OPEB obligation beginning of year	183,900
	-----
Net OPEB obligation end of year	\$ 226,900
	=====

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, 2015.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 9 - Other Postemployment Benefits (OPEB): (Continued)**

For the year ended June 30, 2015, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$58,318, or 100% 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, 2015 are summarized as follows:

Year Ended June, 30 -----	Annual OPEB Cost -----	Percentage of Annual OPEB Cost Contributed -----	Net OPEB Obligation -----
2013	\$ 54,100	---%	\$ 141,900
2014	53,000	---%	183,900
2015	50,000	---%	226,900

Funded Status and Funding Progress – As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$439,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$439,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,977,000 and the ratio of the UAAL to covered payroll was 11.0%. As of June 30, 2015, there were no trust fund assets.

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 9 - Other Postemployment Benefits (OPEB): (Continued)**

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The UAAL is being amortized as a level dollar on a closed basis over 30 years.

**Note 10 - Risk Management:**

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

**Note 11 - 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 \$245,752 for the year ended June 30, 2015, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**Note 12 - 28E Agreements:**

On January 10, 2012, the District entered into a 28E Agreement with the Andrew Community School District. The purpose of the agreement is to establish and implement the Facility Improvement Program for Andrew students attending Bellevue secondary schools under the parties' Sharing Agreement.

**Note 13 - Commitments:**

The District entered into contracts totaling \$360,249 to remodel the science room. As of June 30, 2015, costs of \$109,420 had been incurred against the contract. The remaining amount will be paid as work on the project progresses.

In addition, in fiscal year 2014, the District entered a three year software licensing agreement totaling \$67,200. The District will pay \$22,400 each year.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 14 - Accounting Change/Restatement:**

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

	Governmental Activities of Resources	Business type Activities of Resources
	-----	-----
Net position June 30, 2014, as previously reported	\$ 6,534,349	\$ 79,419
Net pension liability at June 30, 2014	(3,152,321)	(96,152)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	332,708	10,148
	-----	-----
Net position July 1, 2014, as restated	\$ 3,714,736	\$ (6,585)
	=====	=====

**Note 15 - Subsequent Events:**

The District's management has evaluated events and transactions for potential financial statement recognition or disclosure through January 20, 2016, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**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, 2015**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>Revenues</b>						
Local sources	\$ 3,877,245	\$ 207,035	\$ 4,084,280	\$ 4,090,219	\$ 4,090,219	\$ (5,939)
Intermediate sources	1,465	---	1,465	1,750	1,750	(285)
State sources	3,717,951	2,781	3,720,732	3,682,279	3,682,279	38,453
Federal sources	288,063	121,327	409,390	370,482	370,482	38,908
Total Revenues	\$ 7,884,724	\$ 331,143	\$ 8,215,867	\$ 8,144,730	\$ 8,144,730	\$ 71,137
<b>Expenditures/Expenses</b>						
Instruction	\$ 4,345,791	\$ ---	\$ 4,345,791	\$ 5,583,180	\$ 5,583,180	\$ 1,237,389
Support services	2,374,520	---	2,374,520	3,228,444	3,228,444	853,924
Non-instructional programs	7,998	302,318	310,316	362,005	362,005	51,689
Other expenditures	858,016	---	858,016	1,285,191	1,285,191	427,175
Total Expenditures/Expenses	\$ 7,586,325	\$ 302,318	\$ 7,888,643	\$ 10,458,820	\$ 10,458,820	\$ 2,570,177
Excess (Deficiency) of Revenues Over (Under) Expenditures/Expenses	\$ 298,399	\$ 28,825	\$ 327,224	\$ (2,314,090)	\$ (2,314,090)	\$ 2,641,314
Other Financing Sources, Net	5,000	---	5,000	5,000	5,000	---
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	\$ 303,399	\$ 28,825	\$ 332,224	\$ (2,309,090)	\$ (2,309,090)	\$ 2641,314
Balances Beginning of Year	2,372,882	(6,585)	2,366,297	2,692,420	2,692,420	(326,123)
Balances End of Year	\$ 2,676,281	\$ 22,240	\$ 2,698,521	\$ 383,330	\$ 383,330	\$ 2,315,191

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
- BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2015**

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

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

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

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FISCAL YEAR\*  
(IN THOUSANDS)**

**REQUIRED SUPPLEMENTARY INFORMATION**

	2015 -----
District's proportion of the net pension liability	0.058674%
District's proportionate share of the net pension liability	\$ 2,327
District's covered-employee payroll	3,840
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.60
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS  
(IN THOUSANDS)**

**REQUIRED SUPPLEMENTARY INFORMATION**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contributions	\$ 351	\$ 343	\$ 324	\$ 294	\$ 281	\$ 236	\$ 235	\$ 218	\$ 197	\$ 188
Contributions in relation to the statutorily required contribution	(351)	(343)	(324)	(294)	(281)	(236)	(235)	(218)	(197)	(188)
Contribution deficiency (excess)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
District's covered-employee Payroll	\$ 3,930	\$ 3,840	\$ 3,737	\$ 3,643	\$ 4,043	\$ 3,549	\$ 3,701	\$ 3,603	\$ 3,426	\$ 3,270
Contributions as a percentage of covered employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
- PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015**

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
- PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015**

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

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FUNDING PROGRESS FOR THE  
RETIREE HEALTH PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ ---	\$ 342,000	\$ 342,000	0.0%	\$ 3,564,000	9.6%
2011	July 1, 2009	---	342,000	342,000	0.0%	3,703,880	9.2%
2012	July 1, 2009	---	342,000	342,000	0.0%	3,686,467	9.3%
2013	July 1, 2012	---	439,000	439,000	0.0%	3,759,400	11.7%
2014	July 1, 2012	---	439,000	439,000	0.0%	3,895,000	11.3%
2015	July 1, 2012	---	439,000	439,000	0.0%	3,976,500	11.0%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

**SUPPLEMENTARY  
INFORMATION**

SCHEDULE "1"

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
	-----	-----	-----	-----
<b>Assets</b>				
Cash and cash equivalents	\$ 83,950	\$ 334,983	\$ 283,980	\$ 702,913
Receivables:				
Property tax:				
Delinquent	---	4,199	---	4,199
Succeeding year	---	50,000	---	50,000
	-----	-----	-----	-----
Total Assets	\$ 83,950	\$ 389,182	\$ 283,980	\$ 757,112
	=====	=====	=====	=====
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accrued interest and principle payable	\$ ---	\$ ---	\$ 283,980	\$ 283,980
	-----	-----	-----	-----
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	\$ ---	\$ 50,000	\$ ---	\$ 50,000
	-----	-----	-----	-----
Fund Balances:				
Restricted for:				
Student activities	\$ 83,950	\$ ---	\$ ---	\$ 83,950
Management levy purposes	---	339,182	---	339,182
	-----	-----	-----	-----
Total Fund Balances	\$ 83,950	\$ 339,182	\$ ---	\$ 423,132
	-----	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 83,950	\$ 389,182	\$ 283,980	\$ 757,112
	=====	=====	=====	=====

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
<b>Revenues</b>				
Local Sources:				
Local tax	\$ ---	\$ 301,764	\$ ---	\$ 301,764
Other	150,472	6,837	---	157,309
State sources	---	1,370	---	1,370
Federal sources	---	238	---	238
<b>Total Revenues</b>	<b>\$ 150,472</b>	<b>\$ 310,209</b>	<b>\$ ---</b>	<b>\$ 460,681</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$ ---	\$ 20,256	\$ ---	\$ 20,256
Other	152,280	---	---	152,280
<b>Total Instruction</b>	<b>\$ 152,280</b>	<b>\$ 20,256</b>	<b>\$ ---</b>	<b>\$ 172,536</b>
Support Services:				
Student	\$ ---	\$ 568	\$ ---	\$ 568
Instructional staff	1,684	460	---	2,144
Administration	---	8,016	---	8,016
Operation and maintenance of plant	---	59,027	---	59,027
Transportation	---	26,419	---	26,419
<b>Total Support Services</b>	<b>\$ 1,684</b>	<b>\$ 94,490</b>	<b>\$ ---</b>	<b>\$ 96,174</b>
Non-instructional Programs	\$ ---	\$ 7,998	\$ ---	\$ 7,998
Other Expenditures:				
Long-term debt:				
Principal	\$ ---	\$ ---	\$ 200,000	\$ 200,000
Interest and fiscal charges	---	---	167,960	167,960
<b>Total Other Expenditures</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 367,960</b>	<b>\$ 367,960</b>
<b>Total Expenditures</b>	<b>\$ 153,964</b>	<b>\$ 122,744</b>	<b>\$ 367,960</b>	<b>\$ 644,668</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,492)	\$ 187,465	\$(367,960)	\$ (183,987)

See accompanying independent auditor's report.

**SCHEDULE "2" (Continued)**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ ---	\$ ---	\$ 367,960	\$ 367,960
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (3,492)	\$ 187,465	\$ ---	\$ 183,973
Fund Balances Beginning of Year	87,442	151,717	---	239,159
Fund Balances End of Year	\$ 83,950	\$ 339,182	\$ ---	\$ 423,132

See accompanying independent auditor's report.

SCHEDULE "3"

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

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

	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intrafund Transfers	Balance End of Year
	-----	-----	-----	-----	-----
JH/SR Athletics	\$ 20,982	\$ 71,790	\$ 73,823	\$ 86	\$ 19,035
Pep Club	1	---	---	(1)	---
S.W.A.T.	57	---	57	---	---
Comet Club	437	---	---	1	438
Cheerleading	423	2,286	1,917	3	795
Spanish Club	1,631	1,345	254	4	2,726
Musical/Play	9,110	2,331	1,442	17	10,016
Letterman's Club	1,621	4,971	3,880	5	2,717
Boys' Basketball	2,468	1,985	4,453	1	1
FFA	(721)	602	917	---	(1,036)
Volleyball	2,198	4,084	4,152	4	2,134
Dance Team	11,794	2,204	3,095	20	10,923
FBLA	1,742	10,875	11,360	3	1,260
Bowling	690	---	---	1	691
Girls' Basketball	2,109	1,162	565	5	2,711
Wrestling	518	5,645	4,559	2	1,606
Boys' Track	(50)	123	211	---	(138)
Cross Country	604	3,226	2,421	2	1,411
Elementary	6,553	299	695	11	6,168
Preschool	823	---	96	1	728
Band	1,268	---	---	2	1,270
Vocal	374	---	---	1	375
Color Guard	586	208	639	1	156
Band resale	(3,295)	130	390	---	(3,555)
Music Boosters	3,710	4,223	4,931	6	3,008
Class of 2015	3,571	24	3,595	---	---
Class of 2016	4,555	4,522	5,195	8	3,890
Class of 2017	1,939	8,385	4,402	7	5,929
Class of 2018	---	802	121	1	682
HS Yearbook	9,258	3,090	5,067	12	7,293
JH Yearbook	392	25	227	1	191
HS Student Council	1,781	11,399	10,179	7	3,008
JH Student Council	313	4,407	5,204	1	(483)
Interest	---	329	117	(212)	---
	-----	-----	-----	-----	-----
Total	\$ 87,442	\$ 150,472	\$ 153,964	\$ ---	\$ 83,950
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

COMBINING BALANCE SHEET  
 CAPITAL PROJECTS ACCOUNTS  
 JUNE 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
<b>Assets</b>			
Cash and pooled investments	\$ 635,372	\$ 319,893	\$ 955,265
Receivables:			
Property tax:			
Delinquent	---	2,941	2,941
Succeeding year	---	219,826	219,826
Income surtax	---	177,111	177,111
Accounts	951	---	951
Due from other governments	85,270	---	85,270
	-----	-----	-----
Total Assets	\$ 721,593	\$ 719,771	\$ 1,441,364
	=====	=====	=====
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Bank overdraft	\$ ---	\$ 38,092	\$ 38,092
Accounts payable	---	5,024	5,024
	-----	-----	-----
Total Liabilities	\$ ---	\$ 43,116	\$ 43,116
	-----	-----	-----
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	\$ ---	\$ 219,826	\$ 219,826
Income surtax	---	177,111	177,111
	-----	-----	-----
Total Deferred Inflows of Resources	\$ ---	\$ 396,937	\$ 396,937
	-----	-----	-----
Fund Balances:			
Restricted for:			
Debt service	\$ 383,330	\$ ---	\$ 383,330
School infrastructure	338,263	---	338,263
Physical plant and equipment	---	279,718	279,718
	-----	-----	-----
Total Fund Balances	\$ 721,593	\$ 279,718	\$ 1,001,311
	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 721,593	\$ 719,771	\$ 1,441,364
	=====	=====	=====

See accompanying independent auditor's report.

**SCHEDULE "5"**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS ACCOUNTS  
YEAR ENDED JUNE 30, 2015**

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
<b>Revenues</b>			
Local Sources:			
Local tax	\$ ---	\$ 363,197	\$ 363,197
Other	27,396	7,742	35,138
State sources	545,918	960	546,878
Federal sources	---	167	167
	-----	-----	-----
Total Revenues	\$ 573,314	\$ 372,066	\$ 945,380
	-----	-----	-----
<b>Expenditures</b>			
Current:			
Instruction:			
Regular instruction	\$ 5,350	\$ 8,351	\$ 13,701
Support Services:			
Instructional staff	---	2,111	2,111
Operation and maintenance of plant	---	13,927	13,927
Transportation	37,700	181,063	218,763
Other Expenditures:			
Facilities acquisition	10,208	234,096	244,304
	-----	-----	-----
Total Expenditures	\$ 53,258	\$ 439,548	\$ 492,806
	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 520,056	\$ (67,482)	\$ 452,574
<b>Other Financing Sources (Uses)</b>			
Operating transfers out	(367,960)	---	(367,960)
	-----	-----	-----
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 152,096	\$ (67,482)	\$ 84,614
Fund Balances Beginning of Year	569,497	347,200	916,697
	-----	-----	-----
Fund Balances End of Year	\$ 721,593	\$ 279,718	\$1,001,311
	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	-----	-----	-----	-----
<b>Assets</b>				
Cash and deposits	\$ 4,670	\$ ---	\$ 4,317	\$ 353
Accounts receivable	36,753	---	9,762	26,991
	-----	-----	-----	-----
Total Assets	\$ 41,423	\$ ---	\$ 14,079	\$ 27,344
	=====	=====	=====	=====
<b>Liabilities</b>				
Payable to others	\$ 41,423	\$ ---	\$ 14,079	\$ 27,344
	=====	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

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

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Local Sources:										
Local tax	\$ 2,956,401	\$ 2,921,330	\$ 3,092,524	\$ 3,197,437	\$ 3,046,552	\$ 2,844,162	\$ 2,703,540	\$ 2,531,049	\$ 2,389,620	\$ 2,313,586
Tuition	575,239	609,658	598,286	591,609	440,361	330,040	335,167	330,321	283,742	252,472
Other	345,605	351,081	289,940	353,406	320,499	311,037	320,983	310,493	330,782	384,018
Intermediate sources	1,465	1,433	3,096	16,453	25,086	9,778	2,253	7,392	3,584	819
State sources	3,717,951	3,615,438	3,173,255	3,261,883	3,227,569	2,911,345	3,344,716	3,246,496	3,040,874	2,953,440
Federal sources	288,063	232,888	238,607	278,415	407,346	573,714	291,614	186,057	182,353	217,658
<b>Total</b>	<b>\$ 7,884,724</b>	<b>\$ 7,731,828</b>	<b>\$ 7,395,708</b>	<b>\$ 7,699,203</b>	<b>\$ 7,467,413</b>	<b>\$ 6,980,076</b>	<b>\$ 6,998,273</b>	<b>\$ 6,611,808</b>	<b>\$ 6,230,955</b>	<b>\$ 6,121,993</b>

SCHEDULE "7" CONTINUED

BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA

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

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenditures</b>										
Instruction:										
Regular instruction	\$ 2,555,641	\$ 2,988,119	\$ 2,693,245	\$ 2,347,288	\$ 2,455,207	\$ 2,591,075	\$ 2,581,411	\$ 2,547,455	\$ 2,414,925	\$ 2,195,795
Special instruction	788,022	803,358	871,677	800,581	854,220	781,723	787,638	772,229	692,832	719,410
Other instruction	1,002,128	1,019,607	950,696	988,451	948,681	875,644	758,712	762,866	716,904	624,042
Support Services:										
Student	157,765	139,294	168,854	217,575	194,366	190,334	145,866	152,135	138,638	128,072
Instructional staff	319,089	293,358	254,482	250,465	256,279	214,403	227,242	219,405	247,715	271,116
Administration	695,226	705,404	662,720	598,150	606,886	628,971	646,094	653,708	678,779	614,044
Operation and maintenance of plant	580,628	592,393	593,565	551,781	535,183	468,702	486,124	500,982	476,967	485,668
Transportation	621,812	458,975	379,440	376,552	432,298	418,900	424,730	539,029	530,539	393,797
Non-instructional programs	7,998	7,689	6,975	7,645	21,745	32,831	5,276	5,312	4,596	5,731
Other Expenditures:										
Facilities acquisition	244,304	430,452	249,447	189,539	1,724,942	3,807,012	268,372	180,051	466,029	329,771
Long-term debt:										
Principal	200,000	200,000	202,140	195,086	38,132	304,298	80,000	75,000	75,000	70,000
Interest and other charges	167,960	172,960	219,618	189,872	344,901	123,584	13,475	16,381	19,288	22,000
AEA flowthrough	245,752	240,626	231,447	232,928	260,052	260,399	244,209	233,130	222,197	212,209
<b>Total</b>	<b>\$ 7,586,325</b>	<b>\$ 8,052,235</b>	<b>\$ 7,484,306</b>	<b>\$ 6,945,913</b>	<b>\$ 8,672,892</b>	<b>\$ 10,697,876</b>	<b>\$ 6,669,149</b>	<b>\$ 6,657,683</b>	<b>\$ 6,684,409</b>	<b>\$ 6,071,655</b>

See accompanying independent auditor's report.

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

1415 Locust Street  
P.O. Box 743  
Dubuque, IA 52004-0743  
Phone | 563-582-7224  
Fax | 563-582-6118

901 Spring Street  
P.O. Box 294  
Galena, IL 61036-0294  
Phone | 815-777-1880  
Fax | 815-777-3092

[www.oconnorbrooks.com](http://www.oconnorbrooks.com)

To the Board of Education of  
Bellevue 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 Bellevue Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 20, 2016. In addition, we have disclaimed an opinion on the required supplementary information.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bellevue 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 Bellevue Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bellevue 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, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings and Questioned Costs as item I-B-15 to be a significant deficiency.

### **Compliance and Other Matters**

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

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

### **Bellevue Community School District's Responses to Findings**

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

### **Purpose of this Report**

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

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

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

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

Dubuque, Iowa  
January 20, 2016

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015**

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

**MATERIAL WEAKNESSES:**

I-A-15 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Lack of segregation of duties could result in errors or unauthorized transactions. We noted that the board secretary performs substantially all of the significant accounting functions.

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

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

Conclusion - Response accepted.

**SIGNIFICANT DEFICIENCY:**

I-B-15 Documentation for Purchases - The District has established an account with a local vendor to allow District employees to purchase supplies. The vendor periodically submits a statement of these charges to the District for payment. The District does not require the employees to submit the detailed receipt issued at the time of the purchase nor does the vendor statement detail what was purchased. Without detailed documentation, unnecessary purchases or misclassification of expenses could occur. In addition, detailed documentation is needed to determine whether the purchase meets the test of public purpose.

Recommendation - The District should require detailed documentation for all purchases.

Response - We will require employees to submit detailed receipts when purchasing

Conclusion - Response accepted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015**

**Part II: Other Findings Related to Statutory Reporting:**

- II-A-15 Certified Budget - Disbursements for the year ended June 30, 2015, did not exceed the amount budgeted.
- II-B-15 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-15 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-15 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015**

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

II-K-15 Student Activity Fund - The Student Activity Fund had four accounts with deficit balances at June 30, 2015.

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

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.

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

II-M-15 Statewide Sales and Services Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax 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, 2015, the District reported the following information for the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 569,497
Statewide sales and services tax revenue	\$ 545,918	
Other	27,396	573,314
	-----	-----
		\$ 1,142,811
Expenditures/transfers out:		
School infrastructure:		
Construction	\$ 10,208	
Equipment	43,050	
Transfer to debt service fund	367,960	421,218
	-----	-----
Ending balance		\$ 721,593
		=====

For the year ended June 30, 2015, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.