

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2012**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

JUNE 30, 2012

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**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

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**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

OFFICIALS

Name -----	Title -----	Term Expires -----
Board of Education		
(Before September 2011 Election)		
Gary Griebel	President	2013
Kevin Lundin	Vice President	2011
Curt Hammond	Board Member	2013
Janet Sieverding	Board Member	2011
Martha Montgomery-Henning	Board Member	2011
(After September 2011 Election)		
Gary Griebel	President	2013
Kevin Lundin	Vice President	2015
Curt Hammond	Board Member	2013*
Janet Sieverding	Board Member	2015
Martha Montgomery-Henning	Board Member	2015

*Resigned 7/23/12; Appointed Paul Fahey

School Officials

Mike Healy	Superintendent	2012
Penny Medinger	District Secretary/Treasurer	2012
Ahlers & Cooney, P.C.	Attorney	2012

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

CERTIFIED PUBLIC ACCOUNTANTS

W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. McCARTHY, CPA
E.A. SCHILLING, CPA
S.H. ROBERTS, CPA
J.L. WOOLF, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Bellevue Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District at June 30, 2012 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 5, 2013, on our consideration of Bellevue Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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 second paragraph of this report, the financial statements for the three years ended June 30, 2011 and for the five years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. 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. Such 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. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

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

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

Dubuque, Iowa
February 5, 2013

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bellevue Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. 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 \$6,492,113 in fiscal 2011 to \$6,544,204 in fiscal 2012, for a total increase of \$52,091. Revenues from property tax increased \$15,191, revenues from tuition (open enrollment, special education, preschool) increased \$151,248, other local revenues decreased \$10,925; revenues from intermediate sources decreased \$8,633; revenues from state sources increased \$34,245; while revenues from federal sources decreased \$129,035. Federal decreases were due in part to the "American Recovery and Reinvestment Act" or "ARRA". This was economic stimulus funding handed out by the federal government that was decreased by over \$128,000 to the Bellevue CSD in FY12. FY12 will be the last year for ARRA funding.
- General Fund expenditures decreased from \$6,117,628 in fiscal 2011 to \$6,097,796 in fiscal 2012, a total decrease of \$19,832.
- The District's General Fund balance increased from \$1,357,316 in fiscal 2011 to \$1,808,224 in fiscal 2012, a 33% increase from the prior year.
- The District's total tax levy rate for FY12 increased by 6¢. The General Fund tax rate decreased by 52¢, some of it due to a decreased cash reserve levy. The Management levy was increased by 49¢ to help restore the balance in that fund after 6 early retirement payouts in FY11. The PPEL levy was increased by 3¢ with a 4% income surtax.
- The state authorized a 0% increase in new monies for school districts in FY12, and with enrollment staying level (589.8 in FY11 to 568.1 in FY12) the Bellevue School District realized a 1.14% decrease in new monies with a budget guarantee of \$107,627.
- FY12 was the first year for a Whole Grade Sharing Agreement with the Andrew Community School District for grades 9-12. BCS received 21 students from the Andrew District through this agreement. The agreement requires Andrew to pay Bellevue 85% of the State Regular Program District Cost per pupil.

Overview of the Financial Statements

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

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

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

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

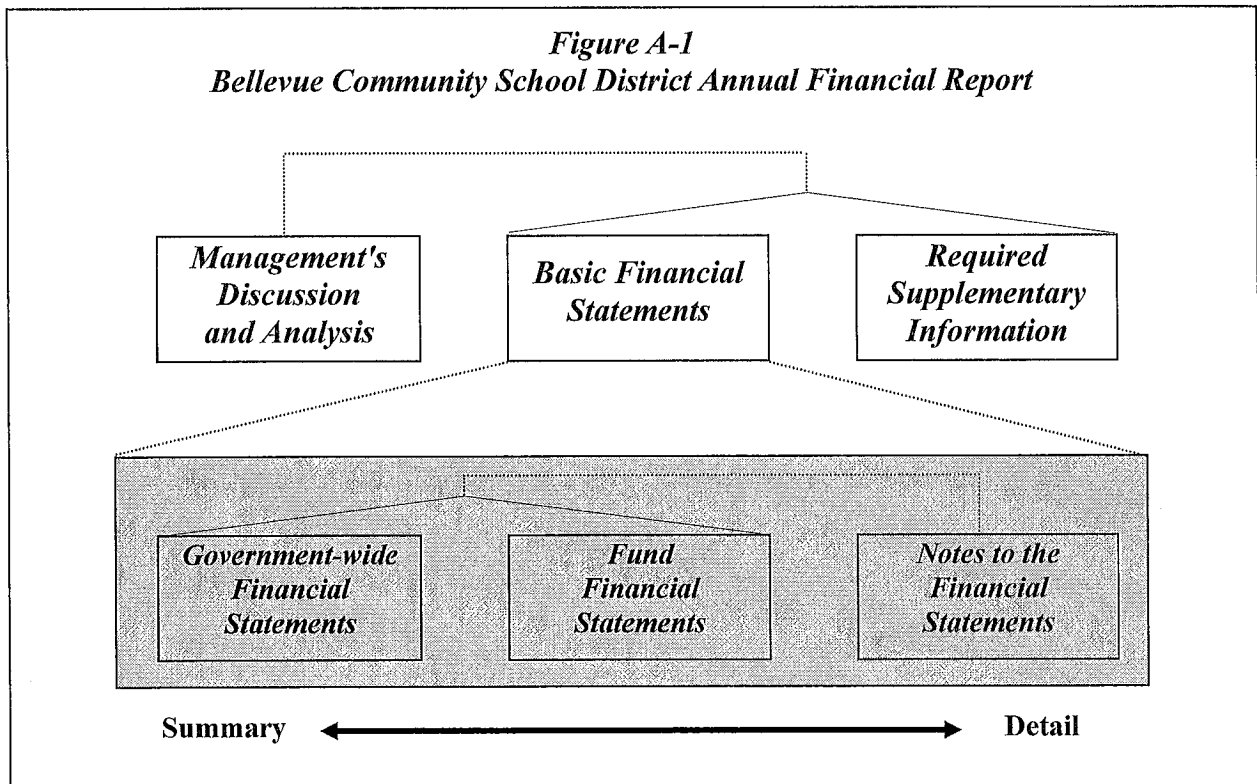


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise 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 assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Agency funds 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 and certain revenue collected for District employee purchases of pop and related expenditures. The District currently maintains agency funds for the Big East Conference and the Community Partnership for the Protection of Children.

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 assets and a statement of changes in fiduciary net assets.

Financial Analysis of the District as a Whole

Figure A-3 provides a summary of the District's net assets for the year ended June 30, 2012 compared to June 30, 2011.

Figure A-3							
Condensed Statement of Net Assets							
	Governmental Activities June 30,		Business-type Activities June 30,		Total School District June 30,		Total Change June 30, 2011- 2012
	2011	2012	2011	2012	2011	2012	
Current and other assets	\$ 5,820,478	\$ 6,450,733	\$ 37,735	\$ 33,798	\$ 5,858,213	\$ 6,484,531	10.7%
Capital assets	8,373,375	8,242,684	6,271	23,120	8,379,646	8,265,804	-1.4%
Total Assets	<u>\$ 14,193,853</u>	<u>\$ 14,693,417</u>	<u>\$ 44,006</u>	<u>\$ 56,918</u>	<u>\$ 14,237,859</u>	<u>\$ 14,750,335</u>	3.6%
Long-term liabilities	\$ 4,980,036	\$ 4,815,140	\$ 1,200	\$ 1,800	\$ 4,981,236	\$ 4,816,940	-3.3%
Other liabilities	3,459,718	3,318,453	9,164	10,050	3,468,882	3,328,503	-4.0%
Total liabilities	<u>\$ 8,439,754</u>	<u>\$ 8,133,593</u>	<u>\$ 10,364</u>	<u>\$ 11,850</u>	<u>\$ 8,450,118</u>	<u>\$ 8,145,443</u>	-3.6%
Net Assets:							
Invested in capital assets,							
net of related debt	\$ 3,461,149	\$ 3,525,544	\$ 6,271	\$ 23,120	\$ 3,467,420	\$ 3,548,664	2.3%
Restricted	1,043,475	1,354,690	-	-	1,043,475	1,354,690	29.8%
Unrestricted	<u>1,249,475</u>	<u>1,679,590</u>	<u>27,371</u>	<u>21,948</u>	<u>1,276,846</u>	<u>1,701,538</u>	33.3%
Total Net Assets	<u><u>\$ 5,754,099</u></u>	<u><u>\$ 6,559,824</u></u>	<u><u>\$ 33,642</u></u>	<u><u>\$ 45,068</u></u>	<u><u>\$ 5,787,741</u></u>	<u><u>\$ 6,604,892</u></u>	14.1%

The District's total net assets increased by 14.1% to \$6,604,892. The major capital asset additions in 2011-2012 were a new bus garage, 1:1 laptop computers for freshmen and sophomores and other electronic equipment for classrooms, and a new dishwasher for the high school kitchen.

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. The original 1:1 laptop initiative for juniors and seniors was funded by a 4-year lease/purchase arrangement with Apple 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 assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$311,000 from the prior year mainly due to the increase in balances in the special revenue funds.

Unrestricted net assets are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The State of Iowa adopted GASB 54 during FY11 and changed the way fund balances (restricted vs. unrestricted) were defined.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

	Governmental Activities		Business-type Activities		Total School District		Percentage Change 2011-2012
	2011	2012	2011	2012	2011	2012	
Revenues:							
Program revenues:							
Charges for services	\$ 670,298	\$ 851,617	\$ 157,186	\$ 172,413	\$ 827,484	\$ 1,024,030	23.8%
Operating grants, contributions and restricted interest	1,146,332	961,236	106,042	107,577	1,252,374	1,068,813	-14.7%
Capital grants, contributions and restricted interest	35,351	29,128	-	-	35,351	29,128	-17.6%
General revenues:							
Property taxes and other taxes	3,052,425	3,208,636	-	-	3,052,425	3,208,636	5.1%
Unrestricted state grants	2,488,522	2,569,670	473	-	2,488,995	2,569,670	3.2%
Other	51,490	74,893	(510)	252	50,980	75,145	47.4%
Total Revenues	\$ 7,444,418	\$ 7,695,180	\$ 263,191	\$ 280,242	\$ 7,707,609	\$ 7,975,422	3.5%
Expenses:							
Governmental activities:							
Instruction	\$ 4,105,355	\$ 4,258,319	\$ -	\$ -	\$ 4,105,355	\$ 4,258,319	2.2%
Support services	2,142,764	2,082,395	-	-	2,142,764	2,082,395	-63.6%
Non-instructional programs	24,849	8,115	265,771	268,967	290,620	277,082	1.5%
Other expenses	830,843	675,071	-	-	830,843	675,071	495.1%
Total Expenses	\$ 7,103,811	\$ 7,023,900	\$ 265,771	\$ 268,967	\$ 7,369,582	\$ 7,292,867	10.1%
Change in Net Assets	\$ 340,607	\$ 671,280	\$ (2,580)	\$ 11,275	\$ 338,027	\$ 682,555	-38.5%

As shown in figure A-4, net assets increased by \$682,555 in 2011-2012. 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 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		Percentage Change 2011-2012	Net Cost		Percentage Change 2011-2012
	of Services			of Services		
	2011	2012		2011	2012	
Instruction	\$ 4,015,355	\$ 4,258,319	3.7 %	\$ 2,668,864	\$ 2,788,829	4.5%
Support services	2,142,764	2,082,395	(2.8) %	583,766	1,960,886	235.9%
Non-instructional programs	24,849	8,115	(67.3)%	24,849	8,115	(67.3)%
Other expenses	830,843	675,071	(18.7)%	1,974,351	424,089	(78.5)%
Total	\$ 7,103,811	\$ 7,023,900	(1.1) %	\$ 5,251,830	\$ 5,181,919	(1.3)%

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$851,617.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$990,364.
- The net cost of governmental activities was financed with \$3,208,636 in various taxes, \$2,569,670 in state foundation aid and \$74,893 in miscellaneous income.

Business Type Activities

Revenues of the District's business type activities were \$280,242 and expenses were \$268,967. 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 \$2,764,887.

Governmental Fund Highlights

- In the District's General Fund, revenues increased and expenditures decreased resulting in a \$450,908 or 33% increase in fund balance. The tax rate between the two years for the general fund decreased by \$0.52 per thousand.
- The Activity Fund ending balance increased from the prior year by \$5,400.
- The Management Fund balance increased from \$48,056 to \$59,237 mainly due to no expenditures for early retirements and the levy rate was increased by \$0.49 per thousand to compensate for the prior year's six early retirements.
- The PPEL Fund balance increased from \$167,096 to \$321,667.
- The Capital Projects Fund balance increased from \$351,903 to \$493,525.

Proprietary Fund Highlights

- The School Nutrition Fund net assets increased from \$33,793 at June 30, 2011 to \$45,068 at June 30, 2012.

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 \$85,000 of the total budgeted revenues, a variance of 1%.

Total expenditures were \$3.0 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 2011-2012.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2012, the District had invested \$8.2 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 decrease of 2% from last year because of the construction in progress on the multi-purpose room and commons area addition/remodel. Depreciation expense for the year exceeded \$459,000.

The original cost of the District's capital assets was over \$13 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 a new bus garage, 1:1 laptop computers for freshmen and sophomores and other electronic equipment for classrooms, and a new dishwasher for the high school kitchen.

Figure A-6								
Capital Assets, Net of Depreciation								
	Governmental		Business Type		Total		Total	
	Activities		Activities		School District		Change	
	2011	2012	2011	2012	2011	2012	2011-2012	
Land	\$ 29,200	\$ 29,200	\$ -	\$ -	\$ 29,200	\$ 29,200	0.00%	
Buildings	6,922,643	6,921,639	-	-	6,922,643	6,921,639	(0.01)%	
Improvements other than buildings	458,337	429,886	-	-	458,337	429,886	(6.21)%	
Equipment & furniture	963,195	861,959	6,271	23,120	969,466	885,079	(8.70)%	
Total	<u>\$8,373,375</u>	<u>\$8,242,684</u>	<u>\$ 6,271</u>	<u>\$ 23,120</u>	<u>\$8,379,646</u>	<u>\$ 8,265,804</u>	<u>(1.36)%</u>	

Long-Term Debt

At June 30, 2012, the District had \$4,675,000 in revenue bonds outstanding. This represents an decrease of approximately 3% from last year. (See Figure A-7) These bonds were issued for the high school multi-purpose room and commons area addition/remodel. The capital lease obligation is for laptop computers for the 1:1 computing initiative at the high school.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change June 30, 2011-2012
	2011	2012	
Revenue bonds	\$4,830,000	\$4,675,000	(3.2)%
Capital lease obligation	82,226	42,140	(48.8)%
Total	<u>\$4,912,226</u>	<u>\$4,717,140</u>	<u>(4.0)%</u>

Factors Bearing on the District's Future

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

- 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 2.0% for FY13, 0% for FY12, 2% for FY11 and 4% for the five preceding years. This percentage amount has a substantial impact on district-funding levels. At this time the legislature has yet to set that funding percentage for FY14 as required by law.
- The certified enrollment count taken in September of 2012 was 568.52 which was level with last year's count. Since the 1998-1999 fiscal year (the highest enrollment year in recent history), Bellevue has lost a total of 153 students on its certified count. All current projections anticipate this decline to continue. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- 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 will continue at least through the 2013-2014 school year. In FY12 Bellevue gained a total of 21 students from Andrew, and that number remained constant for FY13.

- The District will need to negotiate with the teachers union during 2012-2013 for FY14 school year. The District negotiated a 3.62% total package increase for FY13 and received a negative 2.07% in new monies. Salary and benefits represent over 80% of general fund expenditures. Settlements in excess of “new money” or allowable growth in state funding will have an adverse effect on the District’s General Fund budget and related fund balance. The district’s unspent balance increased \$334,000. 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 \$480 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 2% and 0%. It is anticipated that the increase for FY14 will be around 6%. 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.
- On July 12, 2013 the employer share of IPERS will increase from 8.67% to 8.93%, which will cost the District an additional \$23,000 per year.
- 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 11 years, the District has been shorted over \$143,000 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 FY13, the state funded 0% of their portion. Over the last 15 years, this has resulted in state dollars lost of over \$886,000. Unless the state allocates more dollars to this levy, their portion will continue to decline and the district losses will increase.

Contacting the District’s Financial Management

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

**BASIC
FINANCIAL
STATEMENTS**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities -----	Business Type Activities -----	Total -----
Assets			
Cash and cash equivalents	\$ 3,214,661	\$ 26,776	\$ 3,241,437
Receivables:			
Property tax:			
Delinquent	59,192	---	59,192
Succeeding year	2,597,562	---	2,597,562
Income surtax	153,764	---	153,764
Accounts	26,799	3	26,802
Due from other governments	321,831	---	321,831
Prepaid expenses	10,507	---	10,507
Deferred debt expense	54,203	---	54,203
Inventories	12,214	7,019	19,233
Capital assets, net of accumulated depreciation	8,242,684	23,120	8,265,804
	-----	-----	-----
Total Assets	\$ 14,693,417	\$ 56,918	\$ 14,750,335
	-----	-----	-----
Liabilities			
Cash overdraft	\$ 89,540	\$ ---	\$ 89,540
Accounts payable	20,937	---	20,937
Salaries and benefits payable	459,911	5,111	465,022
Accrued interest payable	90,154	---	90,154
Due to other governments	59,399	---	59,399
Deferred revenue:			
Succeeding year property tax	2,597,562	---	2,597,562
Other	950	4,939	5,889
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	160,000	---	160,000
Capital lease obligation	42,140	---	42,140
Portion due after one year:			
Revenue bonds payable	4,515,000	---	4,515,000
Net OPEB liability	98,000	1,800	99,800
	-----	-----	-----
Total Liabilities	\$ 8,133,593	\$ 11,850	\$ 8,145,443
	-----	-----	-----

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF NET ASSETS
 JUNE 30, 2012

	Governmental Activities -----	Business Type Activities -----	Total -----
Net Assets			
Invested in capital assets, net of related debt	\$ 3,525,544	\$ 23,120	\$ 3,548,664
Restricted for:			
Categorical funding	244,263	---	244,263
Debt Service	383,330	---	383,330
Management levy	107,293	---	107,293
School infrastructure	56,195	---	56,195
Physical plant and equipment levy	475,431	---	475,431
Student activities	88,178	---	88,178
Unrestricted	1,679,590	21,948	1,701,538
	-----	-----	-----
Total Net Assets	\$ 6,559,824	\$ 45,068	\$ 6,604,892
	=====	=====	=====

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular instruction	\$ 2,432,731	\$ 509,633	\$ 457,834	\$ 11,074	\$ (1,454,190)	\$ ---	\$ (1,454,190)
Special instruction	858,724	126,258	162,507	---	(569,959)	---	(569,959)
Other instruction	966,864	196,546	5,638	---	(764,680)	---	(764,680)
Total Instruction	\$ 4,258,319	\$ 832,437	\$ 625,979	\$ 11,074	\$ (2,788,829)	\$ ---	\$ (2,788,829)
Support Services:							
Student	\$ 219,093	\$ 805	\$ ---	\$ ---	\$ (218,288)	\$ ---	\$ (218,288)
Instructional staff	243,546	---	55,366	---	(188,180)	---	(188,180)
Administration	604,051	1,900	---	---	(602,151)	---	(602,151)
Operation and maintenance of plant	573,372	---	---	---	(573,372)	---	(573,372)
Transportation	442,333	16,475	46,963	---	(378,895)	---	(378,895)
Total Support Services	\$ 2,082,395	\$ 19,180	\$ 102,329	\$ ---	\$ (1,960,886)	\$ ---	\$ (1,960,886)
Non-instructional Programs	\$ 8,115	\$ ---	\$ ---	\$ ---	\$ (8,115)	\$ ---	\$ (8,115)

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 189,539	\$ ---	\$ ---	\$ 18,054	\$ (171,485)	\$ ---	\$ (171,485)
Long-term debt interest	187,341	---	---	---	(187,341)	---	(187,341)
AEA flowthrough	232,928	---	232,928	---	---	---	---
Depreciation (unallocated)*	65,263	---	---	---	(65,263)	---	(65,263)
Total Other Expenditures	\$ 675,071	\$ ---	\$ 232,928	\$ 18,054	\$ (424,089)	\$ ---	\$ (424,089)
Total Governmental Activities	\$ 7,023,900	\$ 851,617	\$ 961,236	\$ 29,128	\$ (5,181,919)	\$ ---	\$ (5,181,919)
Business Type Activities:							
Non-instructional programs:							
Food service operations	\$ 268,967	\$ 172,413	\$ 107,577	\$ ---	\$ ---	\$ 11,023	\$ 11,023
Total	\$ 7,292,867	\$ 1,024,030	\$ 1,068,813	\$ 29,128	\$ (5,181,919)	\$ 11,023	\$ (5,170,896)

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

EXHIBIT "B" (Continued)

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
General Revenues						
Property Tax Levied For:						
General purposes				\$ 2,418,555	\$ ---	\$ 2,418,555
Capital outlay				166,320	---	166,320
PPEL support surtax				179,033	---	179,033
Statewide sales, services and use tax				444,728	---	444,728
Unrestricted state grants				2,569,670	---	2,569,670
Unrestricted investment earnings				17,375	252	17,627
Other				72,740	---	72,740
Loss on disposal of capital assets				(15,222)	---	(15,222)
Total General Revenues				\$ 5,853,199	\$ 252	\$ 5,853,451
Change in Net Assets				\$ 671,280	\$ 11,275	\$ 682,555
Net Assets Beginning of Year, as Restated				5,888,544	33,793	5,922,337
Net Assets End of Year				\$ 6,559,824	\$ 45,068	\$ 6,604,892

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
Assets				
Cash and cash equivalents	\$2,084,007	\$ 688,159	\$ 442,495	\$3,214,661
Receivables:				
Property tax:				
Delinquent	51,928	3,958	3,306	59,192
Succeeding year	2,236,283	211,279	150,000	2,597,562
Income surtax	---	153,764	---	153,764
Accounts	7,789	19,010	---	26,799
Due from other governments	177,135	144,696	---	321,831
Prepaid expenses	10,507	---	---	10,507
Inventories	12,214	---	---	12,214
	-----	-----	-----	-----
Total Assets	\$4,579,863	\$1,220,866	\$ 595,801	\$6,396,530
	=====	=====	=====	=====
Liabilities and Fund Balances				
Liabilities:				
Cash overdraft	\$ ---	\$ 89,540	\$ ---	89,540
Accounts payable	15,096	5,091	---	20,187
Accrued interest and principle payable	---	---	250,330	250,330
Salaries & benefits payable	459,911	---	---	459,911
Due to other governments	59,399	---	---	59,399
Deferred revenue:				
Succeeding year property tax	2,236,283	211,279	150,000	2,597,562
Income surtax	---	153,764	---	153,764
Other	950	---	---	950
	-----	-----	-----	-----
Total Liabilities	\$2,771,639	\$ 459,674	\$ 400,330	3,631,643
	-----	-----	-----	-----
Fund Balances:				
Nonspendable:				
Inventories	\$ 12,214	\$ ---	\$ ---	12,214
Prepaid expenses	10,507	---	---	10,507
Restricted for:				
Categorical funding	244,263	---	---	244,263
Debt service	---	383,330	---	383,330
Student activities	---	---	88,178	88,178
Management levy purposes	---	---	107,293	107,293
School infrastructure	---	56,195	---	56,195
Physical plant and equipment	---	321,667	---	321,667
Unassigned	1,541,240	---	---	1,541,240
	-----	-----	-----	-----
Total Fund Balances	\$1,808,224	\$ 761,192	\$ 195,471	2,764,887
	-----	-----	-----	-----
Total Liabilities and Fund Balances	\$4,579,863	\$1,220,866	\$ 595,801	6,396,530
	=====	=====	=====	=====

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances of governmental funds	\$ 2,764,887
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets of 13,209,457, net of accumulated depreciation of \$(4,966,773), are not financial resources and, therefore, are not reported in the funds.	8,242,684
Income surtaxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	153,764
Long-term liabilities of \$(4,655,140) are not due and payable in the current period and are not reported in the funds. Other related amounts include deferred debt expense of \$54,203 and bond interest payable of \$(574).	(4,601,511)

Net assets of governmental activities	\$ 6,559,824
	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
Revenues				
Local sources:				
Local tax	\$2,275,535	\$ 778,882	\$ 143,020	\$3,197,437
Tuition	591,609	---	---	591,609
Other	120,670	49,607	183,129	353,406
Intermediate sources	16,453	---	---	16,453
State sources	3,261,626	138	119	3,261,883
Federal sources	278,311	55	49	278,415
	-----	-----	-----	-----
Total Revenues	\$6,544,204	\$ 828,682	\$ 326,317	\$7,699,203
	-----	-----	-----	-----
Expenditures				
Current:				
Instruction:				
Regular	\$2,330,420	\$ ---	\$ 16,868	\$2,347,288
Special	800,581	---	---	800,581
Other	818,762	---	169,689	988,451
	-----	-----	-----	-----
Total Instruction	\$3,949,763	\$ ---	\$ 186,557	\$4,136,320
	-----	-----	-----	-----
Support Services:				
Student	\$ 217,125	\$ ---	\$ 450	\$ 217,575
Instructional staff	250,166	---	299	250,465
Administration	590,160	---	7,990	598,150
Operation and maintenance of plant	501,170	9,750	40,861	551,781
Transportation	356,484	---	20,068	376,552
	-----	-----	-----	-----
Total Support Services	\$1,915,105	\$ 9,750	\$ 69,668	\$1,994,523
	-----	-----	-----	-----
Non-instructional Programs	\$ ---	\$ 2,242	\$ 5,403	\$ 7,645
	-----	-----	-----	-----
Other Expenditures:				
Facilities acquisition	\$ ---	\$ 189,539	\$ ---	\$ 189,539
Long-term debt:				
Principal	---	---	195,086	195,086
Interest and fiscal charges	---	---	189,872	189,872
AEA flowthrough	232,928	---	---	232,928
	-----	-----	-----	-----
Total Other Expenditures	\$ 232,928	\$ 189,539	\$ 384,958	\$ 807,425
	-----	-----	-----	-----

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, 2012

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
Expenditures (Continued)				
Total Expenditures	\$ 6,097,796	\$ 201,531	\$ 646,586	\$ 6,945,913
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 446,408	\$ 627,151	\$ (320,269)	\$ 753,290
	-----	-----	-----	-----
Other Financing Sources (Uses)				
Operating transfers in	\$ ---	\$ ---	\$ 384,958	\$ 384,958
Operating transfers out	---	(384,958)	---	(384,958)
Sale of equipment and materials	4,500	---	---	4,500
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 4,500	\$ (384,958)	\$ 384,958	\$ 4,500
	-----	-----	-----	-----
Net Change in Fund Balances	\$ 450,908	\$ 242,193	\$ 64,689	\$ 757,790
	-----	-----	-----	-----
Fund Balances Beginning of Year	1,357,316	518,999	130,782	2,007,097
	-----	-----	-----	-----
Fund Balances End of Year	\$ 1,808,224	\$ 761,192	\$ 195,471	\$ 2,764,887
	=====	=====	=====	=====

**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, 2012**

Net change in fund balances - total governmental funds \$ 757,790

*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 depreciation of (\$459,253) exceeded capital outlays of \$213,839 in the current period. (245,414)

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 assets differs from the change in fund balance by the cost of the capital assets sold. (19,722)

Because income surtaxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 11,199

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. 160,000

The governmental fund financial statements reflect bond issuance costs as an expenditure. The government-wide financial statements present the unamortized amount of bond issuance cost as an asset, net of amortization. This amount represents the current year amortization of the long-term debt related costs. (3,011)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in early retirement payable of \$2,010, the net increase in other post employment benefits of \$(32,800), and the net decrease in accrued interest of \$1,704. 10,438

Change in net assets of governmental activities \$ 671,280

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012**

	School Nutrition -----
Assets	
Cash and cash equivalents	\$ 26,776
Accounts receivable	3
Inventories	7,019
Capital assets, net of accumulated depreciation	23,120

Total Assets	\$ 56,918

Liabilities	
Salaries and benefits payable	\$ 5,111
Unearned revenue	4,939
Net OPEB liability	1,800

Total Liabilities	\$ 11,850

Net Assets	
Invested in capital assets, net of related debt	\$ 23,120
Unrestricted	21,948

Total Net Assets	\$ 45,068
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012**

	School Nutrition -----
Operating Revenues	
Local sources:	
Charges for services	\$ 172,413 -----
Operating Expenses	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 107,404
Benefits	22,415
Purchased services	6,324
Supplies	130,757
Depreciation	2,067 -----
Total Operating Expenses	\$ 268,967 -----
Operating Loss	\$ (96,554) -----
Non-operating Revenues (Expenses)	
State sources	\$ 3,509
Federal sources	104,068
Interest income	252 -----
Total Non-operating Revenues	\$ 107,829 -----
Increase in net assets	\$ 11,275 -----
Net Assets Beginning of Year, as Restated	33,793 -----
Net Assets End of Year	\$ 45,068 =====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012**

	School Nutrition
Cash Flows From Operating Activities	
Cash received from sale of lunches and breakfasts	\$ 173,512
Cash paid to employees for services	(130,016)
Cash paid to suppliers for goods and services	(119,634)

Net Cash Used by Operating Activities	\$ (76,138)

Cash Flows From Non-Capital Financing Activities	
State grants received	\$ 3,509
Federal grants received	85,910

Net Cash Provided by Non-Capital Financing Activities	\$ 89,419

Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	\$ (18,765)

Cash Flows From Investing Activities	
Interest on investments	\$ 252

Net Decrease in Cash and Cash Equivalents	\$ (5,232)
Cash and Cash Equivalents Beginning of Year	32,008

Cash and Cash Equivalents End of Year	\$ 26,776
	=====
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (96,554)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	18,158
Depreciation	2,067
Increase in inventories	(1,311)
Decrease in accounts receivable	16
Decrease in salaries and benefits payable	(197)
Increase in unearned revenues	1,083
Increase in net OPEB liability	600

Net Cash Used by Operating Activities	\$ (76,138)
	=====

Non-Cash Investing, Capital and Financing Activities

During the year ended June 30, 2012, the District received \$18,158 of federal commodities.

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	Private Purpose Trust	
	----- Scholarship -----	----- Agency -----
Assets:		
Cash and pooled investments	\$ 2,008	\$ 3,078
Accounts receivable	---	12,534
	-----	-----
Total Assets	\$ 2,008	\$ 15,612
	-----	-----
Liabilities		
Due to other governments	\$ ---	\$ 15,612
	-----	-----
Net Assets:		
Reserved for scholarships	\$ 2,008	\$ ---
	=====	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2012**

		Private Purpose Trust
		----- Scholarship -----
Additions:		
Local sources:		
Gifts and contributions	\$	12,250
 Deductions:		
Support services:		
Scholarships awarded		15,000

Change in Net Assets	\$	(2,750)
Net Assets Beginning of Year		4,758

Net Assets End of Year	\$	2,008
		=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 1 - Summary of Significant Accounting Policies:

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

B. Basis of Presentation (Continued)

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. 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, 2012**

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 assets and changes in net assets. 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, 2012**

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 assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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.

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

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

D. Assets, Liabilities and Fund Equity

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

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

For purposes of the 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, 2010, assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

D. Assets, Liabilities and Fund Equity (Continued)

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

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

<u>Asset Class</u>	<u>Amount</u>
Land	All
Buildings	\$ 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

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, 2012**

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

D. Assets, Liabilities and Fund Equity (Continued)

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

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

Compensated Absences - District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently no liability at June 30, 2012 has been accrued.

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

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

Fund Equity - In the governmental fund financial statements, 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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, 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 Pooled Investments:

The District's deposits in banks at June 30, 2012, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2012, the District had investments in the School Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$7,673 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 3 - Interfund Transfers:

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt service	Capital projects	\$ 384,958

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

Note 4 - Categorical Funding:

The District's restricted fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

Programs	Amount
Salary improvement plan	\$ 37,855
Voluntary preschool program	93,282
Professional development for model core curriculum	34,019
Educator quality, market factor incentives	2,268
Professional development	24,265
Gifted and talented	46,945
Drop out prevention program	821
Nonpublic textbooks	3,951
Beginning teacher mentoring	857
	\$ 244,263

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 5 - Capital Assets:

Capital assets activity for the year ended June 30, 2012, was as follows:

	Balance Beginning of Year	Increases	Decreases	Prior Period Adjustment	Balance End of Year
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 29,200	\$ ---	\$ ---	\$ ---	\$ 29,200
Capital assets being depreciated:					
Buildings	\$ 8,899,613	\$ 128,820	\$ ---	\$ 67,744	\$ 9,096,177
Improvements other than buildings	804,931	---	---	---	804,931
Furniture and equipment	2,523,127	85,019	61,973	732,976	3,279,149
Total Capital Assets Being Depreciated	\$12,227,671	\$ 213,839	\$ 61,973	\$ 800,720	\$13,180,257
Less Accumulated depreciation for:					
Buildings	\$ 1,976,970	\$ 175,232	\$ ---	\$ 22,336	\$ 2,174,538
Improvements other than buildings	346,594	28,451	---	---	375,045
Furniture and equipment	1,559,932	255,570	42,251	643,939	2,417,190
Total Accumulated Depreciation	\$ 3,883,496	\$ 459,253	\$ 42,251	\$ 666,275	\$ 4,966,773
Total Capital Assets Being Depreciated, Net	\$ 8,344,175	\$ (245,414)	\$ 19,722	\$ 134,445	\$ 8,213,484
Governmental Activities Capital Assets, Net	\$ 8,373,375	\$ (245,414)	\$ 19,722	\$ 134,445	\$ 8,242,684
Business Type Activities:					
Furniture and equipment	\$ 14,859	\$ 18,765	\$ ---	\$ 567	\$ 34,191
Less accumulated depreciation	8,588	2,067	---	416	11,071
Business Type Activities Capital Assets, Net	\$ 6,271	\$ 16,698	\$ ---	\$ 151	\$ 23,120

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 5 - Capital Assets: (Continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 87,067
Special instruction	54,802
Other instruction	8,485

Support services:

Instructional staff support	6,585
Administration	5,683
Operation and maintenance of plant	163,482
Transportation	65,174
Non-instructional	2,712
Unallocated	65,263

Total Depreciation Expense - Governmental Activities	\$ 459,253
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Business type activities:

Food service operations	\$ 2,067
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Note 6 - Long-Term Liabilities:

Changes in long-term liabilities for the year ended June 30, 2012, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 4,830,000	\$ ---	\$ 155,000	\$ 4,675,000	\$ 160,000
Capital Lease Obligation	82,226	---	40,086	42,140	42,140
Early retirement	2,010	---	2,010	---	---
Net OPEB liability	65,800	32,200	---	98,000	---
Total	\$ 4,980,036	\$ 32,200	\$ 197,096	\$ 4,815,140	\$ 202,140
Business Type Activities:					
Net OPEB liability	\$ 1,200	\$ 600	\$ ---	\$ 1,800	\$ ---

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 6 - Long-Term Liabilities: (Continued)

Revenue Bonds Payable

Details of the District's June 30, 2012, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30	Interest Rates	Principal	Interest	Total
2013	2.25%	\$ 160,000	\$ 177,560	\$ 337,560
2014	2.50%	200,000	173,710	373,710
2015	2.75%	200,000	168,960	368,960
2016	3.00%	200,000	163,710	363,710
2017	3.25%	210,000	157,810	367,810
2018 - 2022	3.50 - 4.10%	1,185,000	671,486	1,856,486
2023 - 2027	4.20 - 4.50%	1,470,000	405,431	1,875,431
2028 - 2030	4.60 - 4.70%	1,050,000	83,153	1,133,153
Total		<u>\$ 4,675,000</u>	<u>\$ 2,001,820</u>	<u>\$ 6,676,820</u>

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, 2012**

Note 6 - 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, 2012. The amounts required for the Sinking Fund and Reserve Fund are accounted for in the Capital Projects Fund.

Capital Lease Payable

The District entered into a lease agreement for laptop computers totaling \$164,656. Accumulated amortization as of June 30, 2012 was \$98,080. Future lease payments including interest at 5.123% are summarized as follows:

Year Ended June 30 -----	
2013	\$ 44,298 =====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 7 - Pension and Retirement Benefits:

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010, were \$293,791, \$281,007, and \$235,944, respectively, equal to the required contributions for each year.

Note 8 - 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 54 active and 8 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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 8 - Other Postemployment Benefits (OPEB): (Continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 33,900
Interest on net OPEB obligation	2,000
Adjustment to annual required contribution	(3,100)

Annual OPEB cost	\$ 32,800
Contributions made	---

Increase in net OPEB obligation	\$ 32,800
Net OPEB obligation beginning of year	67,000

Net OPEB obligation end of year	\$ 99,800
	=====

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$74,800, 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, 2012 are summarized as follows:

Year Ended June, 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
-----	-----	-----	-----
2010	\$ 33,900	---%	\$ 33,900
2011	33,100	---%	67,000
2012	32,800	---%	99,800

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$342,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$342,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,686,467 and the ratio of the UAAL to covered payroll was 9.3%. As of June 30, 2012, there were no trust fund assets.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 8 - Other Postemployment Benefits (OPEB): (Continued)

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.

As of the July 1, 2009 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 9 - 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 10 - Area Education Agency:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$232,928 for the year ended June 30, 2012, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 11 - Other Matters:

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

Note 12 - Prior Period Adjustment:

As a result of further review of a study conducted by the District it was determined that several assets had been incorrectly removed from the District's asset listing. This adjustment adds these assets and their related accumulated depreciation to the governmental and business type activities assets. This causes the total assets and the total net assets of the governmental activities and business type activities to increase by \$134,445 and \$151, respectively.

	Governmental Activities	Business Type Activities
	-----	-----
Balances June 30, 2011, as previously reported	\$ 5,754,099	\$ 33,642
Prior period adjustment	134,445	151
Balances July 1, 2011, as restated	----- \$ 5,888,544 =====	----- \$ 33,793 =====

Note 13 - 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 14 - Subsequent Events:

The District entered into a commitment subsequent to June 30, 2012 for the purchase of a school bus in the amount of \$78,107.

Subsequent events have been evaluated by management through February 5, 2013, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

**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%

See Note 8 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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012**

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues						
Local sources	\$ 4,142,452	\$ 172,665	\$ 4,315,117	\$ 4,055,796	\$ 4,055,796	\$ 259,321
Intermediate sources	16,453	---	16,453	2,701	2,701	13,752
State sources	3,261,883	3,509	3,265,392	3,376,850	3,376,850	(111,458)
Federal sources	278,415	104,068	382,483	459,933	459,933	(77,450)
Total Revenues	\$ 7,699,203	\$ 280,242	\$ 7,979,445	\$ 7,895,280	\$ 7,895,280	\$ 84,165
Expenditures						
Instruction	\$ 4,136,320	\$ ---	\$ 4,136,320	\$ 5,153,409	\$ 5,153,409	\$ 1,017,089
Support services	1,994,523	---	1,994,523	3,015,554	3,015,554	1,021,031
Non-instructional programs	7,645	268,967	276,612	378,634	378,634	102,022
Other expenditures	807,425	---	807,425	1,656,272	1,656,272	848,847
Total Expenditures	\$ 6,945,913	\$ 268,967	\$ 7,214,880	\$10,203,869	\$10,203,869	\$ 2,988,989
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 753,290	\$ 11,275	\$ 764,565	\$ (2,308,589)	\$ (2,308,589)	\$ 3,073,154
Other Financing Sources, Net	4,500	---	4,500	---	---	4,500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 757,790	\$ 11,275	\$ 769,065	\$ (2,308,589)	\$ (2,308,589)	\$ 3,077,654
Balances Beginning of Year	2,007,097	33,793	2,040,890	2,308,589	2,308,589	(267,699)
Balances End of Year	\$ 2,764,887	\$ 45,068	\$ 2,809,955	\$ ---	\$ ---	\$ 2,809,955

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2012**

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, 2012, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**SUPPLEMENTARY
INFORMATION**

SCHEDULE "1"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Special Revenue Funds			Total
	Student Activity	Management	Debt Service	
Assets				
Cash and pooled investments	\$ 88,178	\$ 103,987	\$ 250,330	\$ 442,495
Receivables:				
Property tax:				
Delinquent	---	3,306	---	3,306
Succeeding year	---	150,000	---	150,000
Total Assets	\$ 88,178	\$ 257,293	\$ 250,330	\$ 595,801
Liabilities and Fund Balances				
Liabilities:				
Accrued interest and principle payable	\$ ---	\$ ---	\$ 250,330	\$ 250,330
Deferred revenue:				
Succeeding year property tax	---	150,000	---	150,000
Total Liabilities	\$ ---	\$ 150,000	\$ 250,330	\$ 400,330
Fund Balances:				
Restricted for:				
Student activities	\$ 88,178	\$ ---	\$ ---	\$ 88,178
Management levy purposes	---	107,293	---	107,293
Total Fund Balances	\$ 88,178	\$ 107,293	\$ ---	\$ 195,471
Total Liabilities and Fund Balances	\$ 88,178	\$ 257,293	\$ 250,330	\$ 595,801

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, 2012

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
Revenues				
Local Sources:				
Local tax	\$ ---	\$ 143,020	\$ ---	\$ 143,020
Other	175,141	7,988	---	183,129
State sources	---	119	---	119
Federal sources	---	49	---	49
Total Revenues	\$ 175,141	\$ 151,176	\$ ---	\$ 326,317
Expenditures				
Current:				
Instruction:				
Regular	\$ ---	\$ 16,868	\$ ---	\$ 16,868
Other	169,689	---	---	169,689
Total Instruction	\$ 169,689	\$ 16,868	\$ ---	\$ 186,557
Support Services:				
Student	\$ ---	\$ 450	\$ ---	\$ 450
Instructional staff	---	299	---	299
Administration	---	7,990	---	7,990
Operation and maintenance of plant	---	40,861	---	40,861
Transportation	---	20,068	---	20,068
Total Support Services	\$ ---	\$ 69,668	\$ ---	\$ 69,668
Non-instructional Programs	\$ ---	\$ 5,403	\$ ---	\$ 5,403
Other Expenditures:				
Long-term debt:				
Principal	\$ ---	\$ ---	\$ 195,086	\$ 195,086
Interest and fiscal charges	---	---	189,872	189,872
Total Other Expenditures	\$ ---	\$ ---	\$ 384,958	\$ 384,958
Total Expenditures	\$ 169,689	\$ 91,939	\$ 384,958	\$ 646,586
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 5,452	\$ 59,237	\$ (384,958)	\$ (320,269)

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, 2012**

	Special Revenue Funds			Total
	Student Activity	Management	Debt Service	
Other Financing Sources (Uses)				
Operating transfers in	\$ ---	\$ ---	\$ 384,958	\$ 384,958
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 5,452	\$ 59,237	\$ ---	\$ 64,689
Fund Balances Beginning of Year	82,726	48,056	---	130,782
Fund Balances End of Year	\$ 88,178	\$ 107,293	\$ ---	\$ 195,471

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
YEAR ENDED JUNE 30, 2012**

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
Assets			
Cash and pooled investments	\$ 383,413	\$ 304,746	\$ 688,159
Receivables:			
Property tax:			
Delinquent	---	3,958	3,958
Succeeding year	---	211,279	211,279
Income surtax	---	153,764	153,764
Accounts	956	18,054	19,010
Due from other governments	144,696	---	144,696
	-----	-----	-----
Total Assets	\$ 529,065	\$ 691,801	\$1,220,866
	=====	=====	=====
Liabilities and Fund Equity			
Liabilities:			
Bank overdraft	\$ 89,540	\$ ---	\$ 89,540
Accounts payable	---	5,091	5,091
Deferred revenue:			
Succeeding year property tax	---	211,279	211,279
Income surtax	---	153,764	153,764
	-----	-----	-----
Total Liabilities	\$ 89,540	\$ 370,134	\$ 459,674
	-----	-----	-----
Fund Equity:			
Restricted for:			
Debt service	\$ 383,330	\$ ---	\$ 383,330
School infrastructure	56,195	---	56,195
Physical plant and equipment	---	321,667	321,667
	-----	-----	-----
Total Fund Equity	\$ 439,525	\$ 321,667	\$ 761,192
	-----	-----	-----
Total Liabilities and Fund Equity	\$ 529,065	\$ 691,801	\$1,220,866
	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
Revenues			
Local Sources:			
Local tax	\$ 444,728	\$ 334,154	\$ 778,882
Other	30,726	18,881	49,607
State sources	---	138	138
Federal sources	---	55	55
	-----	-----	-----
Total Revenues	\$ 475,454	\$ 353,228	\$ 828,682
	-----	-----	-----
Expenditures			
Current:			
Support Services:			
Operation and maintenance of plant	\$ ---	\$ 9,750	\$ 9,750
Non-instructional programs	---	2,242	2,242
Other Expenditures:			
Facilities acquisition	2,874	186,665	189,539
	-----	-----	-----
Total Expenditures	\$ 2,874	\$ 198,657	\$ 201,531
	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 472,580	\$ 154,571	\$ 627,151
Other Financing Sources (Uses)			
Operating transfers out	(384,958)	---	(384,958)
	-----	-----	-----
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 87,622	\$ 154,571	\$ 242,193
Fund Balances Beginning of Year	351,903	167,096	518,999
	-----	-----	-----
Fund Balances End of Year	\$ 439,525	\$ 321,667	\$ 761,192
	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "5"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2012**

	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
	-----	-----	-----	-----	-----
JH/SR Athletics	\$ 25,319	\$ 73,197	\$ 65,816	\$ 112	\$ 32,812
Pep Club	1,749	100	702	4	1,151
JH Soda	362	---	---	(362)	---
Comet Club	72	---	---	363	435
Cheerleading	571	3,841	3,458	2	956
Spanish Club	2,654	---	---	8	2,662
Musical/Play	8,399	2,911	2,080	26	9,256
Letterman's Club	854	4,073	4,613	4	318
Boys' Basketball	712	7,217	7,476	3	456
FFA	113	150	810	---	(547)
Volleyball	(397)	3,379	1,642	---	1,340
Dance Team	7,450	3,957	2,976	22	8,453
FBLA	1,107	12,576	12,548	4	1,139
Bowling	170	516	---	1	687
Girls' Basketball	---	2,617	844	---	1,773
Elementary	10,502	297	3,410	28	7,417
Preschool	1,083	---	125	2	960
Band	3,025	---	1,769	8	1,264
Vocal	776	---	405	2	373
Color Guard	691	1,628	1,807	2	514
Band resale	(3,075)	904	778	---	(2,949)
Music Boosters	6,764	7,104	8,939	30	4,959
Class of 2012	3,377	12	3,389	---	---
Class of 2013	1,859	10,959	11,145	14	1,687
Class of 2014	853	3,130	3,203	2	782
Class of 2015	---	448	45	1	404
HS Yearbook	2,258	8,948	3,770	11	7,447
JH Yearbook	1,401	425	480	4	1,350
HS Student Council	2,946	23,011	24,001	10	1,966
JH Student Council	1,131	3,335	3,355	2	1,113
Interest	---	406	103	(303)	---
	-----	-----	-----	-----	-----
Total	\$ 82,726	\$ 175,141	\$ 169,689	\$ ---	\$ 88,178
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "6"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2012**

	Balance Beginning of Year -----	Additions -----	Deductions -----	Balance End of Year -----
Assets				
Cash and deposits	\$ 3,292	\$ ---	\$ 214	\$ 3,078
Accounts receivable	5,502	7,032	---	12,534
	-----	-----	-----	-----
Total Assets	\$ 8,794	\$ 7,032	\$ 214	\$ 15,612
	=====	=====	=====	=====
Liabilities				
Payable to others	\$ 8,794	\$ 6,818	\$ ---	\$ 15,612
	=====	=====	=====	=====

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Local Sources:										
Local tax	\$ 3,197,437	\$ 3,046,552	\$ 2,844,162	\$ 2,703,540	\$ 2,531,049	\$ 2,389,620	\$ 2,313,586	\$ 2,159,390	\$ 2,269,904	\$ 1,920,881
Tuition	591,609	440,361	330,040	335,167	330,321	283,742	252,472	230,006	199,156	207,804
Other	353,406	320,499	311,037	320,983	310,493	330,782	384,018	316,851	285,445	272,448
Intermediate sources	16,453	25,086	9,778	2,253	7,392	3,584	819	2,869	2,422	4,046
State sources	3,261,883	3,227,569	2,911,345	3,344,716	3,246,496	3,040,874	2,953,440	2,845,615	2,657,970	2,826,425
Federal sources	278,415	407,346	573,714	291,614	186,057	182,353	217,658	272,128	293,914	245,145
Total	\$ 7,699,203	\$ 7,467,413	\$ 6,980,076	\$ 6,998,273	\$ 6,611,808	\$ 6,230,955	\$ 6,121,993	\$ 5,826,859	\$ 5,708,811	\$ 5,476,749

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenditures										
Instruction:										
Regular instruction	\$ 2,347,288	\$ 2,455,207	\$ 2,591,075	\$ 2,581,411	\$ 2,547,455	\$ 2,414,925	\$ 2,195,795	\$ 2,153,251	\$ 2,144,939	\$ 2,074,235
Special instruction	800,581	854,220	781,723	787,638	772,229	692,832	719,410	581,232	675,876	695,963
Other instruction	988,451	948,681	875,644	758,712	762,866	716,904	624,042	655,629	542,372	512,655
Support Services:										
Student	217,575	194,366	190,334	145,866	152,135	138,638	128,072	121,377	107,197	101,766
Instructional staff	250,465	256,279	214,403	227,242	219,405	247,715	271,116	209,344	224,553	200,120
Administration	598,150	606,886	628,971	646,094	653,708	678,779	614,044	572,193	528,566	522,703
Operation and maintenance of plant	551,781	535,183	468,702	486,124	500,982	476,967	485,668	438,897	408,172	390,310
Transportation	376,552	432,298	418,900	424,730	539,029	530,539	393,797	481,302	430,656	373,646
Central support services	---	---	---	---	---	---	---	---	---	1,077
Non-instructional programs	7,645	21,745	32,831	5,276	5,312	4,596	5,731	3,622	2,508	2,300
Other Expenditures:										
Facilities acquisition	189,539	1,724,942	3,807,012	268,372	180,051	466,029	329,771	383,790	74,350	266,562
Long-term debt:										
Principal	195,086	38,132	304,298	80,000	75,000	75,000	70,000	65,000	60,000	50,000
Interest and other charges	189,872	344,901	123,584	13,475	16,381	19,288	22,000	24,519	26,844	35,977
AEA flowthrough	232,928	260,052	260,399	244,209	233,130	222,197	212,209	205,319	201,473	216,669
Total	\$ 6,945,913	\$ 8,672,892	\$ 10,697,876	\$ 6,669,149	\$ 6,657,683	\$ 6,684,409	\$ 6,071,655	\$ 5,895,475	\$ 5,427,506	\$ 5,443,983

See accompanying independent auditor's report.

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

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

To the Board of Education of the
Bellevue Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Bellevue Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 5, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our report included a disclaimer of opinion on the required supplementary information (Parts I and II) including Management's Discussion and Analysis.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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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 Bellevue Community School District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a material weakness. This item was noted in the prior year audit.

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, 2012, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

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

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

Dubuque, Iowa
February 5, 2013

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012**

Part I: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

MATERIAL WEAKNESSES:

I-A-12 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the board secretary performs substantially all of the significant accounting functions.

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

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

Conclusion - Response accepted.

Part II: Other Findings Related to Statutory Reporting:

II-A-12 Certified Budget - Disbursements for the year ended June 30, 2012, did not exceed the amount budgeted.

II-B-12 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-12 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-12 Business Transactions - No business transactions between the District and District officials or employees were noted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012**

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

II-E-12 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-12 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

II-G-12 Certified Enrollment - One variance in the basic enrollment data certified to the Department of Education was noted. A resident student was reported as an open enrolled in student.

Recommendation - The District should develop procedures to ensure accurate enrollment data is certified to the Iowa Department of Education.

Response - We will develop procedures to ensure accurate enrollment data is certified.

Conclusion - Response accepted.

II-H-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-12 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-12 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.

II-K-12 Student Activity Fund - The Student Activity Fund had two accounts with deficit balances at June 30, 2012.

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-12 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012**

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

II-M-12 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax 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, 2012, the District reported the following information for the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 351,903
Statewide sales and services tax revenue	\$ 444,728	
Other	30,726	475,454
	-----	-----
		\$ 827,357
Expenditures/transfers out:		
School infrastructure:		
Construction	\$ 2,874	
Debt service for school infrastructure:		
Revenue debt	340,660	
Capital lease	44,298	387,832
	-----	-----
Ending balance		\$ 439,525
		=====

For the year ended June 30, 2012, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

II-N-12 Interfund Loan – The District entered into interfund loans during fiscal year 2012 that may not be in compliance with a revised Declaratory Order issued by the Iowa Department of Education dated October 22, 2009. This Declaratory Order requires among other items that a resolution be approved by the Board of Education stating from which fund and to which fund the transfer will be made. It appears the District did not comply with this requirement.

Recommendation – We recommend the District approve a resolution for all future interfund loan advances.

Response – We will approve a resolution for all future interfund loan advances.

Conclusion – Response accepted.