

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2014**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

JUNE 30, 2014

TABLE OF CONTENTS

	Exhibit	Page No.
Officials		1
Independent Auditor's Report		2-4
Management's Discussion and Analysis		5-15
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-20
Governmental Fund Financial Statements:		
Balance Sheet	C	21
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	22
Statement of Revenues, Expenditures and Changes in Fund Balances	E	23-24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	25
Proprietary Fund Financial Statements:		
Statement of Net Position	G	26
Statement of Revenues, Expenses and Changes in Fund Net Position	H	27
Statement of Cash Flows	I	28
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	29
Statement of Changes in Fiduciary Net Position	K	30
Notes to Financial Statements		31-47
Required Supplementary Information		
Schedule of Funding Progress for the Retiree Health Plan		48
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		49
Notes to Required Supplementary Information - Budgetary Reporting		50

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**JUNE 30, 2014
TABLE OF CONTENTS
(CONTINUED)**

	Schedule	Page No.
Supplementary Information		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	52-53
Combining Balance Sheet - Capital Projects Accounts	3	54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Accounts	4	55
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	56
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	6	57
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7	58-59
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		60-61
Schedule of Findings		62-64

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

OFFICIALS

Name -----	Title -----	Term Expires -----
Board of Education (Before September 2013 Election)		
Gary Griebel	President	2013
Kevin Lundin	Vice President	2015
Paul Fahey	Board Member	2013
Janet Sieverding	Board Member	2015
Martina Montgomery-Henning	Board Member	2015
Board of Education (After September 2013 Election)		
Kevin Lundin	President	2015
Paul Fahey	Vice President	2017
Martha Montgomery-Henning	Board Member	2015
Mike Reed	Board Member	2017
Janet Sieverding	Board Member	2015
School Officials		
Mike Healy	Superintendent	2014
Penny Medinger	District Secretary/Treasurer	2014
Ahlers & Cooney, P.C.	Attorney	2014

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:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District, Bellevue, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Bellevue Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 48 through 50 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellevue Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2013 and for the three years ended June 30, 2007 (none of which are presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the year ended June 30, 2008 (which are not presented herein) were audited by other auditors whose report expressed unmodified opinions. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Bellevue Community School District's internal control over financial reporting and compliance.

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

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

Dubuque, Iowa
January 26, 2015

**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, 2014. 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 \$6,224,622 in fiscal 2013 to \$6,264,987 in fiscal 2014, for a total increase of \$40,365. Revenues from property tax decreased \$36,450, revenues from tuition (open enrollment, special education, preschool) increased \$11,372, other local revenues increased \$85; revenues from intermediate sources decreased \$1,663; revenues from state sources increased \$72,787; while revenues from federal sources decreased \$5,766. The budgeted enrollment on which state aid and county property taxes are based on remained steady.
- General Fund expenditures increased from \$6,494,514 in fiscal 2013 to \$6,603,293 in fiscal 2014, a total increase of \$108,779. Salaries and benefits increased \$188,630 due to 3.9% employee settlements. Purchased services increased \$34,303. Supplies and equipment decreased \$54,196.
- The District's General Fund balance decreased from \$1,555,332 in fiscal 2013 to \$1,217,026 in fiscal 2014, a 21% decrease from the prior year.
- The District's total tax levy rate for FY14 decreased by 66¢. The General Fund tax rate increased \$1.45, some of it due to a new state law that designates that nay new supplemental state aid will come from the State versus local property tax. The Management levy increased by 70¢ to pay for an early retirement plan being offered in FY14. The PPEL levy was increased by 9¢ with a 3% income surtax.
- The state authorized a 2% increase in new monies for school districts in FY14, plus an additional 2% in supplemental state aid. The Bellevue School District realized \$42,600 in new monies.

Overview of the Financial Statements

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

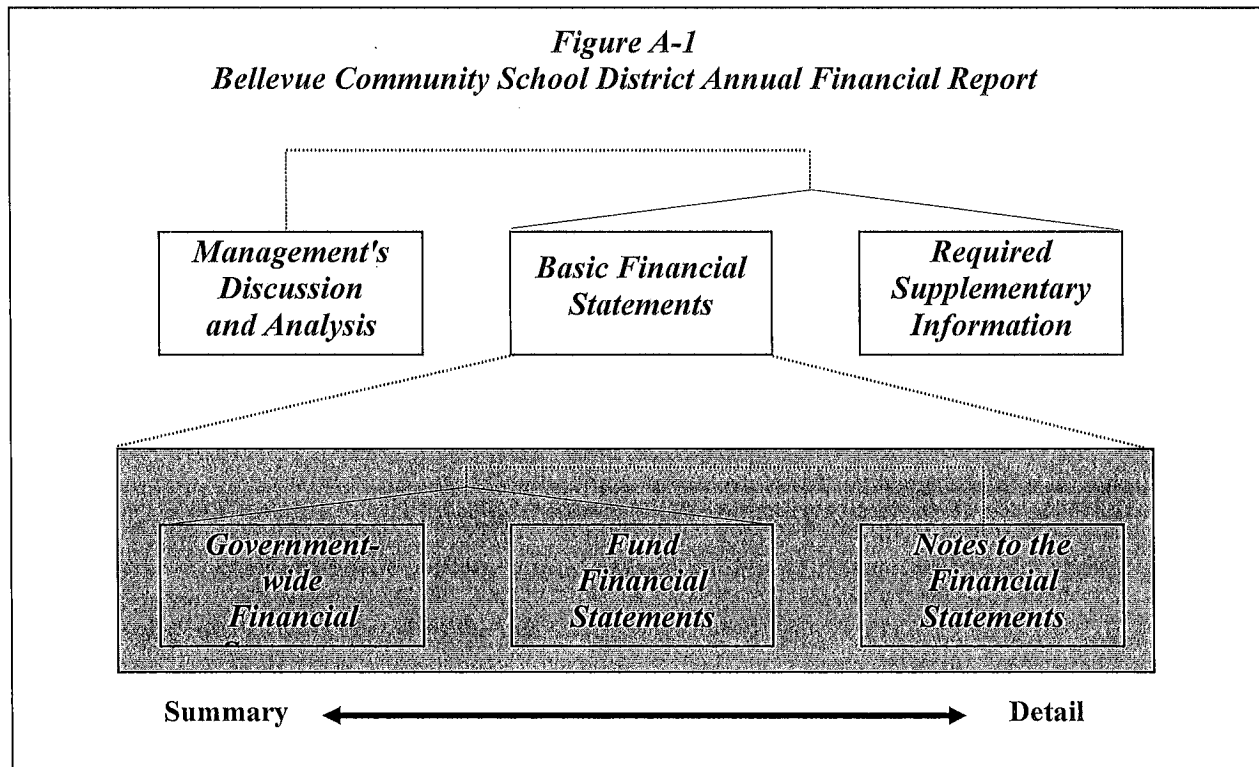


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

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

Financial Analysis of the District as a Whole

Figure A-3 provides a summary of the District's net position for the year ended June 30, 2014 compared to June 30, 2013.

Figure A-3							
Condensed Statement of Net Position							
	Governmental Activities June 30,		Business-type Activities June 30,		Total School District June 30,		Total Change June 30, 2013- 2014
	2013	2014	2013	2014	2013	2014	
Current and other assets	\$ 6,709,442	\$ 6,151,990	\$ 38,471	\$ 46,388	\$ 6,747,913	\$ 6,198,378	-8.1%
Capital assets	8,205,159	8,338,623	28,696	41,338	8,233,855	8,379,961	1.8%
Total Assets	<u>\$ 14,914,601</u>	<u>\$ 14,490,613</u>	<u>\$ 67,167</u>	<u>\$ 87,726</u>	<u>\$ 14,981,768</u>	<u>\$ 14,578,339</u>	<u>-2.7%</u>
Long-term liabilities	\$ 4,654,500	\$ 4,495,800	\$ 2,400	\$ 3,100	\$ 4,656,900	\$ 4,498,900	-3.4%
Other liabilities	896,330	661,388	10,233	5,207 *	906,563	666,595	-26.5%
Total liabilities	<u>\$ 5,550,830</u>	<u>\$ 5,157,188</u>	<u>\$ 12,633</u>	<u>\$ 8,307</u>	<u>\$ 5,563,463</u>	<u>\$ 5,165,495</u>	<u>-7.2%</u>
Deferred inflows of Resources	<u>\$ 2,742,726</u>	<u>\$ 2,799,076</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 2,742,726</u>	<u>\$ 2,799,076</u>	<u>2.1%</u>
Net Position:							
Net investment in capital assets	\$ 3,690,159	\$ 4,023,623	\$ 28,696	\$ 41,338	\$ 3,718,855	\$ 4,064,961	9.3%
Restricted	1,514,597	1,563,361	-	-	1,514,597	1,563,361	3.2%
Unrestricted	<u>1,416,289</u>	<u>947,365</u>	<u>25,838</u>	<u>38,081</u>	<u>1,442,127</u>	<u>985,446</u>	<u>-31.7%</u>
Total Net Position	<u>\$ 6,621,045</u>	<u>\$ 6,534,349</u>	<u>\$ 54,534</u>	<u>\$ 79,419</u>	<u>\$ 6,675,579</u>	<u>\$ 6,613,768</u>	<u>-0.9%</u>

The District's total net position decreased by 0.9% to \$6,613,768. The major capital asset additions in 2013-2014 were completion of the wrestling room, industrial arts welding room remodel, sound system and security camera upgrades, busses, computers and technology equipment.

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

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$48,764 from the prior year.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The unrestricted net position decreased by \$456,000 due in part to capital asset acquisitions.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

	Governmental Activities		Business-type Activities		Total School District		Percentage Change %
	2013	2014	2013	2014	2013	2014	
Revenues:							
Program revenues:							
Charges for services	\$ 838,691	\$ 885,886	\$ 172,827	\$ 186,974	\$ 1,011,518	\$ 1,072,860	6.1%
Operating grants and contributions	906,293	950,105	119,370	136,445	1,025,663	1,086,550	5.9%
Capital grants and contributions	128,917	10,314	-	-	128,917	10,314	-92.0%
General revenues:							
Property taxes and other taxes	3,064,665	3,411,901	-	-	3,064,665	3,411,901	11.3%
Unrestricted state grants	2,368,299	2,395,576	-	-	2,368,299	2,395,576	1.2%
Other	58,559	63,649	137	124	58,696	63,773	8.6%
Total Revenues	\$ 7,365,424	\$ 7,717,431	\$ 292,334	\$ 323,543	\$ 7,657,758	\$ 8,040,974	5.0%
Program Expenses:							
Instruction	\$ 4,566,599	\$ 4,893,447	\$ -	\$ -	\$ 4,566,599	\$ 4,893,447	7.2%
Support services	2,236,574	2,332,151	-	-	2,236,574	2,332,151	4.3%
Non-instructional programs	9,703	10,348	282,868	298,658	292,571	309,006	5.6%
Other expenses	491,327	568,181	-	-	491,327	568,181	15.6%
Total Expenses	\$ 7,304,203	\$ 7,804,127	\$ 282,868	\$ 298,658	\$ 7,587,071	\$ 8,102,785	6.8%
Change in Net Position	\$ 61,221	\$ (86,696)	\$ 9,466	\$ 24,885	\$ 70,687	\$ (61,811)	-187.4%

As shown in figure A-4, net position decreased by \$61,811 in 2013-2014. Property and other taxes and unrestricted state aid account for 75% of the total revenue in governmental activities. While charges for services and operating grants accounted for almost 100% of the revenue in the business type activities.

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

Governmental Activities

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

	Total Cost		Percentage	Net Cost		Percentage
	of Services		Change	of Services		Change
	2013	2014	2013-2014	2013	2014	2013-2014
Instruction	\$ 4,566,599	\$ 4,893,447	7.2 %	\$ 3,161,003	\$ 3,425,083	8.4%
Support services	2,236,574	2,332,151	4.3 %	2,128,633	2,221,117	4.3%
Non-instructional programs	9,703	10,348	6.6%	9,703	10,348	6.6%
Other expenses	491,327	568,181	15.6%	130,963	301,274	130.0%
Total	\$ 7,304,203	\$ 7,804,127	6.8 %	\$ 5,430,302	\$ 5,957,822	9.7%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$885,886.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$960,419.
- The net cost of governmental activities was financed with \$3,411,901 in various taxes, \$2,395,576 in state foundation aid and \$63,649 in miscellaneous income.

Business Type Activities

Revenues of the District's business type activities were \$323,543 and expenses were \$298,658. 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 \$2,372,882.

Governmental Fund Highlights

- In the District's General Fund, revenues increased and expenditures increased resulting in a \$338,306 or 21% decrease in fund balance. The tax rate between the two years for the general fund decreased by \$1.45 per thousand.
- The Activity Fund ending balance decreased from the prior year by \$823.
- The Management Fund balance increased from \$141,288 to \$151,717.
- The PPEL Fund balance decreased from \$465,678 to \$347,200.
- The Capital Projects Fund balance increased from \$442,726 to \$569,497.

Proprietary Fund Highlights

- The School Nutrition Fund net position increased from \$54,534 at June 30, 2013 to \$79,419 at June 30, 2014. Daily lunch and breakfast prices were increased by 10 cents to comply with federal regulations.

Budgetary Highlights

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

Legal Budgetary Highlights

The District's total actual revenues were within \$206,000 of the total budgeted revenues, a variance of 2%.

Total expenditures were \$2.7 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 2013-2014.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the District had invested \$8.3 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 1.5% from last year. Depreciation expense for the year exceeded \$454,000.

The original cost of the District's capital assets was over \$13.3 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 completion of the wrestling room, industrial arts welding room remodel, sound system and security camera upgrades, busses, computers, and technology equipment.

Figure A-6								
Capital Assets, Net of Depreciation								
	Governmental		Business Type		Total		Total	
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>		<u>Change</u>	
	2013	2014	2013	2014	2013	2014	2013-2014	
Land	\$ 79,537	\$ 79,537	\$ -	\$ -	\$ 79,537	\$ 79,537	0.00%	
Construction in progress	-	17,556	-	-	-	17,556	0.00%	
Buildings	6,921,603	7,086,219	-	-	6,921,603	7,086,219	2.38%	
Improvements other than buildings	414,875	385,736	-	-	414,875	385,736	-7.02%	
Equipment & furniture	789,144	769,575	28,696	41,338	817,840	810,913	-0.85%	
Total	<u>\$8,205,159</u>	<u>\$8,338,623</u>	<u>\$ 28,696</u>	<u>\$ 41,338</u>	<u>\$8,233,855</u>	<u>\$ 8,379,961</u>	<u>1.77%</u>	

Long-Term Debt

At June 30, 2014, the District had \$4,315,000 in revenue bonds outstanding. This represents an decrease of approximately 4% from last year. (See Figure A-7) These bonds were issued for the high school multi-purpose room and commons area addition/remodel.

Figure A-7			
	Outstanding Long-Term Obligations		Total Change June 30, 2013-2014
	Total District June 30,		
	2013	2014	
Revenue bonds	\$4,515,000	\$4,315,000	(4.4)%
Total	\$4,515,000	\$4,315,000	(4.4)%

Economic Factors Bearing on the District's Future

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

- Funding levels for Iowa K-12 school districts depend principally on two factors: first, changes in enrollment and second, changes in per pupil district cost. Per pupil district cost is an amount annually set by state government. This amount has historically been determined by applying a percentage increase to the prior year's amount. The percentage increase was 4% for FY15, 2% with a 2% "supplemental" funding for FY14, 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 the funding percentage change for FY16 as required by law.
- The certified enrollment count taken in September of 2014 was 570.3 which was a decrease of 9.4 students from the prior year's count. Since the 1998-1999 fiscal year (the highest enrollment year in recent history), Bellevue has lost a total of 150 students on its certified count. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The Board's goal is to maintain a 10-15% solvency ratio in the General Fund. The solvency ratio measures the amount of readily available unspent resources relative to the district's total general fund revenue. The District has met or exceeded that goal in the last several years. FY14 ending solvency ratio was 14%.
- Bellevue, along with Maquoketa, entered into a whole-grade sharing agreement with Andrew CSD for the 2011-2012 school year for grades 9-12. This sharing agreement was renewed for an additional 3 years through the 2016-2017 school year. In FY15 Bellevue gained a total of 23 students from Andrew. Bellevue receives 92% of the State District Cost per pupil for each of those students for FY15.

- The District negotiated a two-year contract with the teachers union during 2013-2014 for the FY15 and FY16 school year.. The District negotiated a 3.95% total package increase for FY15 and received 4% in new monies. For FY16 they received a 4% total package increase and the supplemental growth amount from the State for FY16 has not been set at this time. Salary and benefits represent approximately 80% of general fund expenditures. Settlements in excess of “new money” or allowable growth in state funding will have an adverse effect on the District’s General Fund budget and related fund balance. The district’s unspent balance decreased \$246,000. 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 \$840 per year of full-family insurance for all full-time certified employees and 100% of any single policy. The health insurance increases in the last two years have been reasonable at 2% and -2%. The increase for FY16 is unknown at this time. The “Affordable Care Act” has added several fees to the cost of insurance per member. Health insurance increases in the past have been as high as 20%. Unanticipated high insurance increases after settlement of the union contract could negatively affect the financial health of the District.
- The state requires public schools to bus nonpublic students in their district, but has failed to allocate enough money since 2001-2002 to cover the entire cost of nonpublic transportation. Unless legislation increases the nonpublic allotment in the future, the shortages will continue. Over the last 13 years, the District has been shorted over \$169,000 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 FY15, the state funded 0% of their portion. Over the last 16 years, this has resulted in state dollars lost of over \$1,000,000. Unless the state allocates more dollars to this levy, 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 POSITION
JUNE 30, 2014**

	Governmental Activities -----	Business Type Activities -----	Total -----
Assets			
Cash and cash equivalents	\$ 2,658,819	\$ 46,447	\$ 2,705,266
Receivables:			
Property tax:			
Delinquent	35,781	---	35,781
Succeeding year	2,799,076	---	2,799,076
Income surtax	118,644	---	118,644
Accounts	13,864	11	13,875
Due from other funds	5,594	(5,594)	---
Due from other governments	498,872	---	498,872
Prepaid expenses	9,328	---	9,328
Inventories	12,012	5,524	17,536
Capital assets, net of accumulated depreciation	8,338,623	41,338	8,379,961
	-----	-----	-----
Total Assets	\$ 14,490,613	\$ 87,726	\$ 14,578,339
	-----	-----	-----
Liabilities			
Cash overdraft	\$ 15,346	\$ ---	\$ 15,346
Accounts payable	28,545	---	28,545
Salaries and benefits payable	509,241	---	509,241
Accrued interest payable	85,730	---	85,730
Due to other governments	21,576	---	21,576
Unearned revenue	950	5,207	6,157
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	200,000	---	200,000
Portion due after one year:			
Revenue bonds payable	4,115,000	---	4,115,000
Net OPEB liability	180,800	3,100	183,900
	-----	-----	-----
Total Liabilities	\$ 5,157,188	\$ 8,307	\$ 5,165,495
	-----	-----	-----
Deferred Inflows of Resources:			
Unavailable property tax revenue	\$ 2,799,076	\$ ---	\$ 2,799,076
	-----	-----	-----

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF NET POSITION
 JUNE 30, 2014

	Governmental Activities -----	Business Type Activities -----	Total -----
Net Position			
Net investment in capital assets	\$ 4,023,623	\$ 41,338	\$ 4,064,961
Restricted for:			
Categorical funding	288,861	---	288,861
Debt Service	383,330	---	383,330
Management levy	151,717	---	151,717
School infrastructure	186,167	---	186,167
Physical plant and equipment levy	465,844	---	465,844
Student activities	87,442	---	87,442
Unrestricted	947,365	38,081	985,446
	-----	-----	-----
Total Net Position	\$ 6,534,349	\$ 79,419	\$ 6,613,768
	=====	=====	=====

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular instruction	\$ 3,050,121	\$ 493,814	\$ 10,314	\$ (2,145,086)	\$ ---	\$ (2,145,086)
Special instruction	854,354	164,373	---	(498,995)	---	(498,995)
Other instruction	988,972	189,714	---	(781,002)	---	(781,002)
Total Instruction	\$ 4,893,447	\$ 847,901	\$ 10,314	\$ (3,425,083)	\$ ---	\$ (3,425,083)
Support Services:						
Student	\$ 140,694	\$ 1,678	---	\$ (139,016)	\$ ---	\$ (139,016)
Instructional staff	295,578	44,824	---	(250,754)	---	(250,754)
Administration	706,404	2,754	---	(703,650)	---	(703,650)
Operation and maintenance of plant	758,393	250	---	(758,143)	---	(758,143)
Transportation	431,082	17,450	---	(369,554)	---	(369,554)
Total Support Services	\$ 2,332,151	\$ 20,454	\$ 90,580	\$ (2,221,117)	\$ ---	\$ (2,221,117)
Non-instructional Programs	\$ 10,348	\$ ---	\$ ---	\$ (10,348)	\$ ---	\$ (10,348)

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 19,169	\$ 17,531	\$ 8,750	\$ --	\$ 7,112	\$ --	\$ 7,112
Long-term debt interest	224,152	--	--	--	(224,152)	--	(224,152)
AEA flowthrough	240,626	--	240,626	--	--	--	--
Depreciation (unallocated)*	84,234	--	--	--	(84,234)	--	(84,234)
Total Other Expenditures	\$ 568,181	\$ 17,531	\$ 249,376	\$ --	\$ (301,274)	\$ --	\$ (301,274)
Total Governmental Activities	\$ 7,804,127	\$ 885,886	\$ 950,105	\$ 10,314	\$ (5,957,822)	\$ --	\$ (5,957,822)
Business Type Activities:							
Non-instructional programs:							
Food service operations	\$ 298,658	\$ 186,974	\$ 136,445	\$ --	\$ --	\$ 24,761	\$ 24,761
Total	\$ 8,102,785	\$ 1,072,860	\$ 1,086,550	\$ 10,314	\$ (5,957,822)	\$ 24,761	\$ (5,933,061)

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

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
General Revenues						
Property Tax Levied For:				\$ 2,487,140	\$ ---	\$ 2,487,140
General purposes				257,063	---	257,063
Capital outlay				169,866	---	169,866
PPEL support surtax				497,832	---	497,832
Statewide sales, services and use tax				2,395,576	---	2,395,576
Unrestricted state grants				15,546	124	15,670
Unrestricted investment earnings				55,239	---	55,239
Other				(7,136)	---	(7,136)
Loss on disposal of capital assets						
Total General Revenues				\$ 5,871,126	\$ 124	\$ 5,871,250
Change in Net Position				\$ (86,696)	\$ 24,885	\$ (61,811)
Net Position Beginning of Year				6,621,045	54,534	6,675,579
Net Position End of Year				\$ 6,534,349	\$ 79,419	\$ 6,613,768

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
Assets				
Cash, cash equivalents, and pooled investments	\$1,404,030	\$ 733,287	\$ 521,502	\$2,658,819
Receivables:				
Property tax:				
Delinquent	28,390	3,254	4,137	35,781
Succeeding year	2,278,363	220,713	300,000	2,799,076
Income surtax	---	118,644	---	118,644
Accounts	12,914	950	---	13,864
Due from other funds	5,594	---	---	5,594
Due from other governments	298,394	200,478	---	498,872
Prepaid expenses	9,328	---	---	9,328
Inventories	12,012	---	---	12,012
	-----	-----	-----	-----
Total Assets	\$4,049,025	\$1,277,326	\$ 825,639	\$6,151,990
	=====	=====	=====	=====
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Cash overdraft	\$ ---	\$ 15,346	\$ ---	\$ 15,346
Accounts payable	21,869	5,926	---	27,795
Accrued interest and principle payable	---	---	286,480	286,480
Salaries & benefits payable	509,241	---	---	509,241
Due to other governments	21,576	---	---	21,576
Deferred revenue	950	---	---	950
	-----	-----	-----	-----
Total Liabilities	\$ 553,636	\$ 21,272	\$ 286,480	\$ 861,388
	-----	-----	-----	-----
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$2,278,363	\$ 220,713	\$ 300,000	\$2,799,076
Income surtax	---	118,644	---	118,644
	-----	-----	-----	-----
Total Deferred Inflows of Resources	\$2,278,363	\$ 339,357	\$ 300,000	\$2,917,720
	-----	-----	-----	-----
Fund Balances:				
Nonspendable:				
Inventories	\$ 12,012	\$ ---	\$ ---	\$ 12,012
Prepaid expenses	9,328	---	---	9,328
Restricted for:				
Categorical funding	288,861	---	---	288,861
Debt service	---	383,330	---	383,330
Student activities	---	---	87,442	87,442
Management levy purposes	---	---	151,717	151,717
School infrastructure	---	186,167	---	186,167
Physical plant and equipment	---	347,200	---	347,200
Unassigned	906,825	---	---	906,825
	-----	-----	-----	-----
Total Fund Balances	\$1,217,026	\$ 916,697	\$ 239,159	\$2,372,882
	-----	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$4,049,025	\$1,277,326	\$ 825,639	\$6,151,990
	=====	=====	=====	=====

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances of governmental funds	\$ 2,372,882
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets of 13,611,667, net of accumulated depreciation of \$(5,406,508), are not financial resources and, therefore, are not reported in the funds.	8,338,623
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 inflows of resources in the funds.	118,644
Long-term liabilities of \$(4,295,800) are not due and payable in the current period and are not reported in the funds.	(4,295,800)
Net position of governmental activities	\$ <u>6,534,349</u>

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, 2014**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
Revenues				
Local sources:				
Local tax	\$2,172,139	\$ 434,190	\$ 315,001	\$2,921,330
Tuition	609,658	---	---	609,658
Other	131,868	29,219	189,994	351,081
Intermediate sources	1,433	---	---	1,433
State sources	3,117,177	498,024	237	3,615,438
Federal sources	232,712	77	99	232,888
	-----	-----	-----	-----
Total Revenues	\$6,264,987	\$ 961,510	\$ 505,331	\$7,731,828
	-----	-----	-----	-----
Expenditures				
Current:				
Instruction:				
Regular	\$2,715,524	\$ 42,643	\$ 229,952	\$2,988,119
Special	803,358	---	---	803,358
Other	838,560	8,969	172,078	1,019,607
	-----	-----	-----	-----
Total Instruction	\$4,357,442	\$ 51,612	\$ 402,030	\$4,811,084
	-----	-----	-----	-----
Support Services:				
Student	\$ 132,727	\$ 6,025	\$ 542	\$ 139,294
Instructional staff	291,623	1,235	500	293,358
Administration	686,816	10,902	7,686	705,404
Operation and maintenance of plant	536,734	1,924	53,735	592,393
Transportation	357,325	78,107	23,543	458,975
	-----	-----	-----	-----
Total Support Services	\$2,005,225	\$ 98,193	\$ 86,006	\$2,189,424
	-----	-----	-----	-----
Non-instructional Programs	\$ ---	\$ ---	\$ 7,689	\$ 7,689
	-----	-----	-----	-----
Other Expenditures:				
Facilities acquisition	\$ ---	\$ 430,452	\$ ---	\$ 430,452
Long-term debt:				
Principal	---	---	200,000	200,000
Interest and fiscal charges	---	---	172,960	172,960
AEA flowthrough	240,626	---	---	240,626
	-----	-----	-----	-----
Total Other Expenditures	\$ 240,626	\$ 430,452	\$ 372,960	\$1,044,038
	-----	-----	-----	-----

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, 2014

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
Expenditures (Continued)				
Total Expenditures	\$ 6,603,293	\$ 580,257	\$ 868,685	\$ 8,052,235
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (338,306)	\$ 381,253	\$ (363,354)	\$ (320,407)
	-----	-----	-----	-----
Other Financing Sources (Uses)				
Operating transfers in	\$ ---	\$ ---	\$ 372,960	\$ 372,960
Operating transfers out	---	(372,960)	---	(372,960)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ ---	\$ (372,960)	\$ 372,960	\$ ---
	-----	-----	-----	-----
Change in Fund Balances	\$ (338,306)	\$ 8,293	\$ 9,606	\$ (320,407)
	-----	-----	-----	-----
Fund Balances Beginning of Year	1,555,332	908,404	229,553	2,693,289
	-----	-----	-----	-----
Fund Balances End of Year	\$ 1,217,026	\$ 916,697	\$ 239,159	\$ 2,372,882
	=====	=====	=====	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds \$ (320,407)

*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 \$454,692 exceeded capital outlays of \$595,292 in the current period. 140,600

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (7,136)

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 inflows of resources in the governmental funds. Deferred tax revenues increased by this amount this year. (7,261)

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. 200,000

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. (51,192)

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 increase in other post employment benefits of \$(41,300). (41,300)

Change in net position of governmental activities \$ (86,696)

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014**

	School Nutrition -----
Assets	
Current assets:	
Cash and cash equivalents	\$ 46,447
Accounts receivable	11
Inventories	5,524

Total current assets	\$ 51,982

Noncurrent assets:	
Capital assets, net of accumulated depreciation	\$ 41,338

Total Assets	\$ 93,320

Liabilities	
Current liabilities:	
Due to other funds	\$ 5,594
Unearned revenue	5,207

Total current liabilities	\$ 10,801

Noncurrent liabilities:	
Net OPEB liability	\$ 3,100

Total Liabilities	\$ 13,901

Net Position	
Invested in capital assets	\$ 41,337
Unrestricted	38,082

Total Net Position	\$ 79,419
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014**

	School Nutrition -----
Operating Revenues	
Local sources:	
Charges for services	\$ 186,974 -----
Operating Expenses	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 114,660
Benefits	24,693
Purchased services	3,633
Supplies	151,825
Depreciation	3,847 -----
Total Operating Expenses	\$ 298,658 -----
Operating Loss	\$ (111,684) -----
Non-operating Revenues (Expenses)	
State sources	\$ 2,762
Federal sources	133,683
Interest income	124 -----
Total Non-operating Revenues	\$ 136,569 -----
Increase in net position	\$ 24,885 -----
Net Position Beginning of Year	54,534 -----
Net Position End of Year	\$ 79,419 =====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014**

	School Nutrition
Cash Flows From Operating Activities	
Cash received from sale of lunches and breakfasts	\$ 187,238
Cash paid to employees for services	(138,353)
Cash paid to suppliers for goods and services	(137,776)
Net Cash Used by Operating Activities	\$ (88,891)
Cash Flows From Non-Capital Financing Activities	
State grants received	\$ 2,762
Federal grants received	117,122
Net Cash Provided by Non-Capital Financing Activities	\$ 119,884
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	\$ (16,489)
Cash Flows From Investing Activities	
Interest on investments	\$ 124
Net Increase in Cash and Cash Equivalents	\$ 14,628
Cash and Cash Equivalents Beginning of Year	31,819
Cash and Cash Equivalents End of Year	\$ 46,447
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (111,684)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	16,563
Depreciation	3,847
Decrease in inventories	1,118
Increase in accounts receivable	(2)
Increase in salaries and benefits payable	300
Increase in deferred revenue	267
Increase in net OPEB liability	700
Net Cash Used by Operating Activities	\$ (88,891)

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Private Purpose Trust	
	----- Scholarship	----- Agency
	-----	-----
Assets:		
Cash and cash equivalents	\$ 3,858	\$ 4,670
Intergovernmental receivable	---	36,753
	-----	-----
Total Assets	\$ 3,858	\$ 41,423
	-----	-----
Liabilities		
Due to other governments	\$ ---	\$ 41,423
	-----	-----
Net Position:		
Reserved for scholarships	\$ 3,858	\$ ---
	=====	=====

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2014

	Private Purpose Trust
	----- Scholarship -----
Additions:	
Local sources:	
Gifts and contributions	\$ 3,000
Deductions:	
Support services:	
Scholarships awarded	4,850

Change in Net Position	\$ (1,850)
Net Position Beginning of Year	5,708

Net Position End of Year	\$ 3,858
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 1 - Summary of Significant Accounting Policies:

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

B. Basis of Presentation (Continued)

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

B. Basis of Presentation (Continued)

The District reports the following major proprietary fund:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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, 2014**

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 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, 2012, assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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, 2014**

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 Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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, 2014**

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

D. Assets, Liabilities and Fund Equity (Continued)

Deferred Inflows of Resources - 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 inflow of resources 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 inflows of resources consist of unspent grant proceeds, the succeeding year property tax receivable, income surtax and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position 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, 2014 has been accrued.

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

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

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, 2014**

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures did not exceed the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

F. Estimates

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

Note 2 - Cash and Cash Equivalents:

The District's deposits in banks at June 30, 2014, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 3 - Interfund Transfers:

Transfer to	Transfer from	Amount
Debt service	Capital projects	\$ 372,960

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

Note 4 - Due From and Due to Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 5,594

The Nutrition Fund is repaying the General fund for accrued wages and benefits. The balance is to be repaid by June 30, 2015.

Note 5 - Categorical Funding:

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Programs	Amount
Salary improvement plan	\$ 23,063
Voluntary preschool program	136,659
Professional development for model core curriculum	26,548
Educator quality, market factor incentives	1,102
Professional development	34,683
Gifted and talented	35,794
Drop out prevention program	6,269
Home school assistance program	3,707
Beginning teacher mentoring & induction	387
Successful progression for early readers	16,336
Teacher leadership grants	4,313
	\$ 288,861

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 6 - Capital Assets:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 79,537	\$ ---	\$ ---	\$ 79,537
Construction in progress	---	17,556	---	17,556
	-----	-----	-----	-----
Total capital assets not being depreciated	\$ 79,537	\$ 17,556	\$ ---	\$ 97,093
	-----	-----	-----	-----
Capital assets being depreciated:				
Buildings	\$ 9,277,220	\$ 359,236	\$ ---	\$ 9,636,456
Improvements other than buildings	818,716	---	---	818,716
Furniture and equipment	3,436,194	218,500	762,106	2,892,588
	-----	-----	-----	-----
Total capital assets being depreciated	\$13,532,130	\$ 577,736	\$ 762,106	\$13,347,760
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings	\$ 2,355,617	\$ 194,619	\$ --	\$ 2,550,236
Improvements other than buildings	403,841	29,140	--	432,981
Furniture and equipment	2,647,050	230,933	754,970	2,123,013
	-----	-----	-----	-----
Total accumulated depreciation	\$ 5,406,508	\$ 454,692	\$ 754,970	\$ 5,106,230
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 8,125,622	\$ 123,044	\$ 7,136	\$ 8,241,530
	-----	-----	-----	-----
Governmental Activities Capital Assets, Net	\$ 8,205,159	\$ 140,600	\$ 7,136	\$ 8,338,623
	=====	=====	=====	=====
Business Type Activities:				
Furniture and equipment	\$ 42,983	\$ 16,489	\$ 10,088	\$ 49,384
Less accumulated depreciation	14,287	3,847	10,088	8,046
	-----	-----	-----	-----
Business Type Activities Capital Assets, Net	\$ 28,696	\$ 12,642	\$ ---	\$ 41,338
	=====	=====	=====	=====

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 6 - Capital Assets: (Continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 77,856
Special instruction	43,296
Other instruction	14,132

Support services:

Instructional staff support	7,875
Administration	7,002
Operation and maintenance of plant	165,124
Transportation	52,514
Non-instructional	2,659
Unallocated	84,234

Total Depreciation Expense - Governmental Activities	\$ 454,692
--	------------

Business type activities:

Food service operations	\$ 3,847
-------------------------	----------

Note 7 - Long-Term Liabilities:

Changes in long-term liabilities for the year ended June 30, 2014, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 4,515,000	\$ ---	\$ 200,000	\$ 4,315,000	\$ 200,000
Net OPEB liability	139,500	41,300	---	180,800	---
Total	\$ 4,654,500	\$ 41,300	\$ 200,000	\$ 4,495,800	\$ 200,000
Business Type Activities:					
Net OPEB liability	\$ 2,400	\$ 700	\$ ---	\$ 3,100	\$ ---

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 7 - Long-Term Liabilities: (Continued)

Revenue Bonds Payable

Details of the District's June 30, 2014, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30 -----	Interest Rates -----	Principal -----	Interest -----	Total -----
2015	2.50%	\$ 200,000	\$ 168,960	\$ 368,960
2016	2.75%	200,000	163,710	363,710
2017	3.00%	210,000	157,810	367,810
2018	3.25%	220,000	151,085	371,085
2019	3.50%	230,000	143,485	373,485
2020 - 2024	3.75 - 4.20%	1,285,000	576,216	1,861,216
2025 - 2029	4.25 - 4.60%	1,605,000	272,129	1,877,129
2030	4.70%	365,000	8,578	373,578
Total		\$ 4,315,000	\$ 1,641,973	\$ 5,956,973

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, 2014**

Note 7 - Long-Term Liabilities: (Continued)

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

The District did comply with all of the provisions during the year ended June 30, 2014. The amounts required for the Sinking Fund and Reserve Fund are accounted for in the Capital Projects Fund.

Note 8 - 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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012, were \$344,421, \$323,923, and \$293,791, respectively, equal to the required contributions for each year.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 9 - Other Postemployment Benefits (OPEB):

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

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

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 60,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	(11,000)

Annual OPEB cost	\$ 53,000
Contributions made	(11,000)

Increase in net OPEB obligation	\$ 42,000
Net OPEB obligation beginning of year	141,900

Net OPEB obligation end of year	\$ 183,900
	=====

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

For the year ended June 30, 2014, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$46,630, 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, 2014 are summarized as follows:

Year Ended June, 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
-----	-----	-----	-----
2012	\$ 32,800	---%	\$ 99,800
2013	54,100	---%	141,900
2014	53,000	---%	183,900

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$439,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$439,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,895,000 and the ratio of the UAAL to covered payroll was 11.3%. As of June 30, 2014, there were no trust fund assets.

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

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

Note 10 - Termination Benefits:

In September 2013, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before September 1, 2013. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits offered were a \$25,000 stipend. Employees that enrolled by March 4, 2014 were offered an additional stipend of \$250 for each year of service. For employees that enrolled by January 6, 2014, the District also paid \$75 per day for unused sick leave. Early retirement benefits will be paid by July 1 following the licensed employee's approval for early retirement or a date mutually agreed upon by the school district and the licensed employee.

All amounts were paid by June 30, 2014.

Note 11 - 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 12 - 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 \$240,626 for the year ended June 30, 2014, 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, 2014**

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 – Commitments:

The District entered into a contract totaling \$26,928 for the purchase and installation of heat exchangers in the middle school and high school. As of June 30, 2014, costs of \$17,556 had been incurred against the contract. The remaining amount will be paid as work on the project progresses.

The District entered into a contract totaling \$28,661 for repairing the parking lot. No costs were incurred against the contract at June 30, 2014. The remaining amount will be paid as work on the project progresses.

The District also approved a contract in the amount of \$162,216 for the purchase of two school buses. No amounts have been paid as of June 30, 2014.

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

Note 15 - Prospective Accounting Change:

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Note 16 - Subsequent Events:

The District's management has evaluated events and transactions for potential financial statement recognition or disclosure through January 26, 2015, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ ---	\$ 342,000	\$ 342,000	0.0%	\$ 3,564,000	9.6%
2011	July 1, 2009	---	342,000	342,000	0.0%	3,703,880	9.2%
2012	July 1, 2009	---	342,000	342,000	0.0%	3,686,467	9.3%
2013	July 1, 2012	---	439,000	439,000	0.0%	3,759,400	11.7%
2014	July 2, 2012	---	439,000	439,000	0.0%	3,895,000	11.3%

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

**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, 2014**

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues						
Local sources	\$ 3,882,069	\$ 187,098	\$ 4,069,167	\$ 4,482,760	\$ 4,482,760	\$ (413,593)
Intermediate sources	1,433	---	1,433	10,185	10,185	(8,752)
State sources	3,615,438	2,762	3,618,200	2,999,796	2,999,796	618,404
Federal sources	232,888	133,683	366,571	355,975	355,975	10,596
Total Revenues	\$ 7,731,828	\$ 323,543	\$ 8,055,371	\$ 7,848,716	\$ 7,848,716	\$ 206,655
Expenditures						
Instruction	\$ 4,811,084	---	\$ 4,811,084	\$ 5,984,101	\$ 5,984,101	\$ 1,173,017
Support services	2,189,424	---	2,189,424	2,892,172	2,892,172	702,748
Non-instructional programs	7,689	298,658	306,347	354,479	354,479	48,132
Other expenditures	1,044,038	---	1,044,038	1,819,711	1,819,711	775,673
Total Expenditures	\$ 8,052,235	\$ 298,658	\$ 8,350,893	\$ 11,050,463	\$ 11,050,463	\$ 2,699,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (320,407)	\$ 24,885	\$ (295,522)	\$ (3,201,747)	\$ (3,201,747)	\$ 2,906,225
Other Financing Sources, Net	---	---	---	---	---	---
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (320,407)	\$ 24,885	\$ (295,522)	\$ (3,201,747)	\$ (3,201,747)	\$ 2,906,225
Balances Beginning of Year	2,693,289	54,534	2,747,823	---	---	2,747,823
Balances End of Year	\$ 2,372,882	\$ 79,419	\$ 2,452,301	\$ (3,201,747)	\$ (3,201,747)	\$ 5,654,048

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014**

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, 2014, 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, 2014

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
Assets				
Cash and cash equivalents	\$ 87,442	\$ 147,580	\$ 286,480	\$ 521,502
Receivables:				
Property tax:				
Delinquent	---	4,137	---	4,137
Succeeding year	---	300,000	---	300,000
Total Assets	<u>\$ 87,442</u>	<u>\$ 451,717</u>	<u>\$ 286,480</u>	<u>\$ 825,639</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accrued interest and principle payable	\$ ---	\$ ---	\$ 286,480	\$ 286,480
Total Liabilities	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 286,480</u>	<u>\$ 286,480</u>
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	\$ ---	\$ 300,000	\$ ---	\$ 300,000
Total Deferred Inflows of Resources	<u>\$ ---</u>	<u>\$ 300,000</u>	<u>\$ ---</u>	<u>\$ 300,000</u>
Fund Balances:				
Restricted for:				
Student activities	\$ 87,442	\$ ---	\$ ---	\$ 87,442
Management levy purposes	---	151,717	---	151,717
Total Fund Balances	<u>\$ 87,442</u>	<u>\$ 151,717</u>	<u>\$ ---</u>	<u>\$ 239,159</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 87,442</u>	<u>\$ 451,717</u>	<u>\$ 286,480</u>	<u>\$ 825,639</u>

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, 2014

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
Revenues				
Local Sources:				
Local tax	\$ ---	\$ 315,001	\$ ---	\$ 315,001
Other	171,255	18,739	---	189,994
State sources	---	237	---	237
Federal sources	---	99	---	99
Total Revenues	\$ 171,255	\$ 334,076	\$ ---	\$ 505,331
Expenditures				
Current:				
Instruction:				
Regular	\$ ---	\$ 229,952	\$ ---	\$ 229,952
Other	172,078	---	---	172,078
Total Instruction	\$ 172,078	\$ 229,952	\$ ---	\$ 402,030
Support Services:				
Student	\$ ---	\$ 542	\$ ---	\$ 542
Instructional staff	---	500	---	500
Administration	---	7,686	---	7,686
Operation and maintenance of plant	---	53,735	---	53,735
Transportation	---	23,543	---	23,543
Total Support Services	\$ ---	\$ 86,006	\$ ---	\$ 86,006
Non-instructional Programs	\$ ---	\$ 7,689	\$ ---	\$ 7,689
Other Expenditures:				
Long-term debt:				
Principal	\$ ---	\$ ---	\$ 200,000	\$ 200,000
Interest and fiscal charges	---	---	172,960	172,960
Total Other Expenditures	\$ ---	\$ ---	\$ 372,960	\$ 372,960
Total Expenditures	\$ 172,078	\$ 323,647	\$ 372,960	\$ 868,685
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (823)	\$ 10,429	\$(372,960)	\$ (363,354)

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, 2014

	Special Revenue Funds			
	Student Activity	Management	Debt Service	Total
Other Financing Sources (Uses)				
Operating transfers in	\$ ---	\$ ---	\$ 372,960	\$ 372,960
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (823)	\$ 10,429	\$ ---	\$ 9,606
Fund Balances Beginning of Year	88,265	141,288	---	229,553
Fund Balances End of Year	\$ 87,442	\$ 151,717	\$ ---	\$ 239,159

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
Assets			
Cash and pooled investments	\$ 383,415	\$ 349,872	\$ 733,287
Receivables:			
Property tax:			
Delinquent	---	3,254	3,254
Succeeding year	---	220,713	220,713
Income surtax	---	118,644	118,644
Accounts	950	---	950
Due from other governments	200,478	---	200,478
	-----	-----	-----
Total Assets	\$ 584,843	\$ 692,483	\$1,277,326
	=====	=====	=====
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Bank overdraft	\$ 15,346	\$ ---	\$ 15,346
Accounts payable	---	5,926	5,926
	-----	-----	-----
Total Liabilities	\$ 15,346	\$ 5,926	\$ 21,272
	-----	-----	-----
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	\$ ---	\$ 220,713	\$ 220,713
Income surtax	---	118,644	118,644
	-----	-----	-----
Total Deferred Inflows of Resources	\$ ---	\$ 339,357	\$ 339,357
	-----	-----	-----
Fund Balances:			
Restricted for:			
Debt service	\$ 383,330	\$ ---	\$ 383,330
School infrastructure	186,167	---	186,167
Physical plant and equipment	---	347,200	347,200
	-----	-----	-----
Total Fund Balances	\$ 569,497	\$ 347,200	\$ 916,697
	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 584,843	\$ 692,483	\$1,277,326
	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "4"

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS
YEAR ENDED JUNE 30, 2014**

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
Revenues			
Local Sources:			
Local tax	\$ ---	\$ 434,190	\$ 434,190
Other	19,455	9,764	29,219
State sources	497,832	192	498,024
Federal sources	---	77	77
	-----	-----	-----
Total Revenues	\$ 517,287	\$ 444,223	\$ 961,510
	-----	-----	-----
Expenditures			
Current:			
Instruction:			
Regular instruction	\$ ---	\$ 42,643	\$ 42,643
Other instruction	---	8,969	8,969
Support Services:			
Student	---	6,025	6,025
Instructional staff	---	1,235	1,235
Administration	---	10,902	10,902
Operation and maintenance of plant	---	1,924	1,924
Transportation	---	78,107	78,107
Other Expenditures:			
Facilities acquisition	17,556	412,896	430,452
	-----	-----	-----
Total Expenditures	\$ 17,556	\$ 562,701	\$ 580,257
	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 499,731	\$ (118,478)	\$ 381,253
Other Financing Sources (Uses)			
Operating transfers out	(372,960)	---	(372,960)
	-----	-----	-----
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 126,771	\$ (118,478)	\$ 8,293
Fund Balances Beginning of Year	442,726	465,678	908,404
	-----	-----	-----
Fund Balances End of Year	\$ 569,497	\$ 347,200	\$ 916,697
	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
 STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2014

	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intrafund Transfers	Balance End of Year
	-----	-----	-----	-----	-----
JH/SR Athletics	\$ 31,444	\$ 60,584	\$ 71,109	\$ 63	\$ 20,982
Pep Club	1,016	---	71	(944)	1
S.W.A.T.	---	421	364	---	57
Comet Club	436	---	---	1	437
Cheerleading	1,043	6,306	7,308	382	423
Spanish Club	2,669	11,731	12,773	4	1,631
Musical/Play	8,360	2,364	1,622	8	9,110
Letterman's Club	1,183	5,130	4,694	2	1,621
Boys' Basketball	(536)	4,842	1,840	2	2,468
FFA	(577)	152	296	---	(721)
Volleyball	1,177	8,217	7,198	2	2,198
Dance Team	10,613	4,060	2,889	10	11,794
FBLA	(1,572)	13,261	9,948	1	1,742
Bowling	689	120	120	1	690
Girls' Basketball	2,081	940	914	2	2,109
Wrestling	406	3,432	3,320	---	518
Boys' Track	(57)	894	887	---	(50)
Cross Country	---	3,428	2,825	1	604
Elementary	7,243	---	697	7	6,553
Preschool	837	468	483	1	823
Band	1,267	---	---	1	1,268
Vocal	374	---	---	---	374
Color Guard	554	964	933	1	586
Band resale	(3,117)	513	691	---	(3,295)
Music Boosters	6,928	2,129	5,353	6	3,710
Class of 2014	920	937	2,421	564	---
Class of 2015	973	8,903	6,308	3	3,571
Class of 2016	1,094	5,977	2,519	3	4,555
Class of 2017	---	2,220	282	1	1,939
HS Yearbook	8,262	6,092	5,102	6	9,258
JH Yearbook	867	---	476	1	392
HS Student Council	2,556	14,842	15,625	8	1,781
JH Student Council	1,132	2,083	2,903	1	313
Interest	---	245	107	(138)	---
	-----	-----	-----	-----	-----
Total	\$ 88,265	\$ 171,255	\$ 172,078	\$ ---	\$ 87,442
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT
 BELLEVUE, IOWA

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2014

	Balance Beginning of Year -----	Additions -----	Deductions -----	Balance End of Year -----
Assets				
Cash and deposits	\$ 6,072	\$ ---	\$ 1,402	\$ 4,670
Accounts receivable	6,938	29,815	---	36,753
	-----	-----	-----	-----
Total Assets	\$ 13,010	\$ 29,815	\$ 1,402	\$ 41,423
	=====	=====	=====	=====
Liabilities				
Payable to others	\$ 13,010	\$ 28,413	\$ ---	\$ 41,423
	=====	=====	=====	=====

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Local Sources:										
Local tax	\$ 2,921,330	\$ 3,092,524	\$ 3,197,437	\$ 3,046,552	\$ 2,844,162	\$ 2,703,540	\$ 2,531,049	\$ 2,389,620	\$ 2,313,586	\$ 2,159,390
Tuition	609,658	598,286	591,609	440,361	330,040	335,167	330,321	283,742	252,472	230,006
Other	351,081	289,940	353,406	320,499	311,037	320,983	310,493	330,782	384,018	316,851
Intermediate sources	1,433	3,096	16,453	25,086	9,778	2,253	7,392	3,584	819	2,869
State sources	3,615,438	3,173,255	3,261,883	3,227,569	2,911,345	3,344,716	3,246,496	3,040,874	2,953,440	2,845,615
Federal sources	232,888	238,607	278,415	407,346	573,714	291,614	186,057	182,353	217,658	272,128
Total	\$ 7,731,828	\$ 7,395,708	\$ 7,699,203	\$ 7,467,413	\$ 6,980,076	\$ 6,998,273	\$ 6,611,808	\$ 6,230,955	\$ 6,121,993	\$ 5,826,859

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenditures										
Instruction:										
Regular instruction	\$ 2,988,119	\$ 2,693,245	\$ 2,347,288	\$ 2,455,207	\$ 2,591,075	\$ 2,581,411	\$ 2,547,455	\$ 2,414,925	\$ 2,195,795	\$ 2,153,251
Special instruction	803,358	871,677	800,581	854,220	781,723	787,638	772,229	692,832	719,410	581,232
Other instruction	1,019,607	950,696	988,451	948,681	875,644	758,712	762,866	716,904	624,042	655,629
Support Services:										
Student	139,294	168,854	217,575	194,366	190,334	145,866	152,135	138,638	128,072	121,377
Instructional staff	293,358	254,482	250,465	256,279	214,403	227,242	219,405	247,715	271,116	209,344
Administration	705,404	662,720	598,150	606,886	628,971	646,094	653,708	678,779	614,044	572,193
Operation and maintenance of plant	592,393	593,565	551,781	535,183	468,702	486,124	500,982	476,967	485,668	438,897
Transportation	458,975	379,440	376,552	432,298	418,900	424,730	539,029	530,539	393,797	481,302
Non-instructional programs	7,689	6,975	7,645	21,745	32,831	5,276	5,312	4,596	5,731	3,622
Other Expenditures:										
Facilities acquisition	430,452	249,447	189,539	1,724,942	3,807,012	268,372	180,051	466,029	329,771	383,790
Long-term debt:										
Principal	200,000	202,140	195,086	38,132	304,298	80,000	75,000	75,000	70,000	65,000
Interest and other charges	172,960	219,618	189,872	344,901	123,584	13,475	16,381	19,288	22,000	24,519
AEA flowthrough	240,626	231,447	232,928	260,052	260,399	244,209	233,130	222,197	212,209	205,319
Total	\$ 8,052,235	\$ 7,484,306	\$ 6,945,913	\$ 8,672,892	\$ 10,697,876	\$ 6,669,149	\$ 6,657,683	\$ 6,684,409	\$ 6,071,655	\$ 5,895,475

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
Bellevue Community School District

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2015. In addition, we have disclaimed an opinion on the required supplementary information.

Internal Control Over Financial Reporting

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

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

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

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combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as item I-A-14 and I-B-14 to be material weaknesses.

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, 2014, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Bellevue Community School District's Responses to Findings

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

Purpose of this Report

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

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

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

O'Connor, Brooks & Co., P.C.
Dubuque, Iowa
January 26, 2015

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014**

Part I: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

MATERIAL WEAKNESSES:

- I-A-14 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Lack of segregation of duties could result in errors or unauthorized transactions. We noted that the board secretary performs substantially all of the significant accounting functions.

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

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

Conclusion - Response accepted.

- I-B-14 Required Signatures - It was noted that not all three required signatures were being obtained on the "Event Admission/Ticket Forms." This reduced oversight could result in theft or misappropriation of assets.

Recommendation - The District should ensure that all signatures are being obtained on these forms as required.

Response - We will review these forms to ensure all signatures are present.

Conclusion - Response accepted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014**

Part II: Other Findings Related to Statutory Reporting:

- II-A-14 Certified Budget - Disbursements for the year ended June 30, 2014, did not exceed the amount budgeted.
- II-B-14 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-14 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-14 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-14 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-14 Board Minutes - We noted four expenditures that were not published in the local newspaper.
- Recommendation - The District should ensure that each expenditure is published as required by Chapter 279.35 of the Code of Iowa.
- Response - We will strive to ensure that each expenditure is published.
- Conclusion - Response accepted.
- II-G-14 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-14 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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014**

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

II-J-14 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

II-K-14 Student Activity Fund - The Student Activity Fund had three accounts with deficit balances at June 30, 2014.

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-14 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

II-M-14 Statewide Sales and Services Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information for the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 442,726
Statewide sales and services tax revenue	\$ 497,832	
Other	19,455	517,287
	-----	-----
		\$ 960,013
Expenditures/transfers out:		
School infrastructure:		
Construction	\$ 17,556	
Transfer to debt service fund	372,960	390,516
	-----	-----
Ending balance		\$ 569,497
		=====

For the year ended June 30, 2014, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.