

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2018**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

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**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

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**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**OFFICIALS**

Name -----	Title -----	Term Expires -----
<b>Board of Education (Before September 2017 Election)</b>		
Kevin Lundin	President	2019
Paul Fahey	Vice President	2017
Martha Montgomery-Henning	Board Member	2019
Mike Reed	Board Member	2017
Janet Sieverding	Board Member	2019
<b>(After September 2017 Election)</b>		
Kevin Lundin	President	2019
Allysen Bonifas	Vice President	2021
Martha Montgomery-Henning	Board Member	2019
Mike Reed	Board Member	2021
Janet Sieverding	Board Member	2019
<b>School Officials</b>		
Tom Meyer	Superintendent	2019
Penny Medinger	District Secretary/Treasurer	2019
Ahlers & Cooney, P.C.	Attorney	2019

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P.O. Box 743  
Dubuque, IA 52004-0743  
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P.O. Box 294  
Galena, IL 61036-0294  
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Fax | 815-777-3092

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bellevue Community School District, Bellevue, Iowa, as of and for the year ended June 30, 2018, and related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Bellevue Community School District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Emphasis of a Matter**

As discussed in Note 13 to the financial statements, Bellevue Community School District adopted new accounting guidance related to Governmental Accounting Standard Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellevue Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (none of which are presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 23, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Bellevue Community School District's internal control over financial reporting and compliance.

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

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

Dubuque, Iowa  
January 23, 2019

**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, 2018. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this section.

**Financial Highlights**

- The District implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities and business type activities were restated by \$88,279 and \$1,432, respectively, to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources as June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- General Fund revenues increased from \$6,852,720 in fiscal 2017 to \$7,134,838 in fiscal 2018, for a total increase of \$282,118. Revenues from property tax decreased \$50,000, revenues from tuition (open enrollment, special education, preschool) increased \$42,000, revenues from state sources increased \$119,000, revenues from federal sources increased \$40,000, and other miscellaneous income increased \$31,000.
- The budgeted enrollment on which state aid and county property taxes are based on increased 13 students.
- General Fund expenditures increased from \$6,800,104 in fiscal 2017 to \$7,101,410 in fiscal 2018, a total increase of \$301,306. Salaries and benefits increased \$153,000, a result of a 2.19% employee salaries and benefits settlement increase. Purchased services increased \$56,000. Supplies, equipment and miscellaneous expenditures decreased \$92,000.
- The District's General Fund balance increased from \$1,498,132 in fiscal 2017 to \$1,539,773 in fiscal 2018, a 3% increase from the prior year.
- The District's total tax levy rate of \$12.19 for FY18 was a decrease of 10¢ from the FY17 rate. The General Fund tax rate decreased \$0.13; the Management Fund levy increased by \$0.09 to pay for anticipated early retirements; the PPEL Fund levy was decreased by \$0.06 with a 3% income surtax.
- The state authorized a 1.11% increase in state supplemental assistance for school districts in FY18. The Bellevue School District realized an increase of \$113,450 in new monies from the State district cost per pupil funds mostly due to the increase in enrollment.



## Overview of the Financial Statements

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

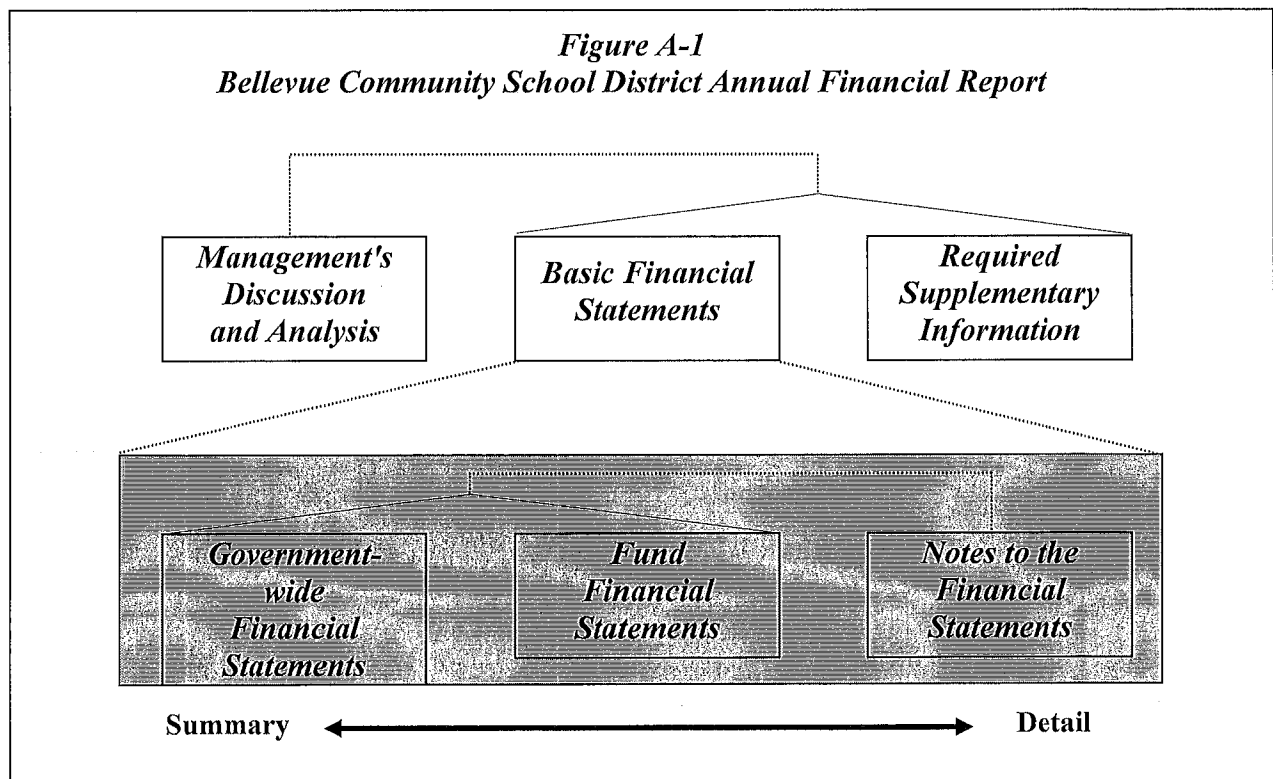


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents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

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

## **Government-wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

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

## Financial Analysis of the District as a Whole

Figure A-3 provides a summary of the District's net position for the year ended June 30, 2018 compared to June 30, 2017.

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, 2016 -
	2017 (Net Restated)	2018	2017 (Net Restated)	2018	2017 (Net Restated)	2018	2017
Current and other assets	\$ 7,590,909	\$ 8,241,742	\$ 117,813	\$ 131,064	\$ 7,708,722	\$ 8,372,806	8.6 %
Capital assets	8,128,569	7,939,820	48,338	43,609	8,176,907	7,983,429	(2.4 %)
<b>Total Assets</b>	<b>\$ 15,719,478</b>	<b>\$ 16,181,562</b>	<b>\$ 166,151</b>	<b>\$ 174,673</b>	<b>\$ 15,885,629</b>	<b>\$ 16,356,235</b>	<b>3.0%</b>
Deferred outflows of resources	\$ 905,106	\$ 1,009,257	\$ 25,414	\$ 28,212	\$ 930,520	\$ 1,037,469	11.5%
Long-term liabilities	\$ 7,399,955	\$ 7,317,099	\$ 107,413	\$ 115,126	\$ 7,507,368	\$ 7,432,225	(1.0%)
Other liabilities	773,098	688,732	21,212	8,227	794,310	696,959	(12.3%)
<b>Total liabilities</b>	<b>\$ 8,173,053</b>	<b>\$ 8,005,831</b>	<b>\$ 128,625</b>	<b>\$ 123,353</b>	<b>\$ 8,301,678</b>	<b>\$ 8,129,184</b>	<b>(2.1%)</b>
Deferred inflows of resources	\$ 3,006,773	\$ 3,409,466	\$ 1,312	\$ 1,915	\$ 3,008,085	\$ 3,411,381	13.4%
<b>Net Position:</b>							
Net investment in capital assets	\$ 4,423,569	\$ 4,454,820	\$ 48,338	\$ 43,609	\$ 4,471,907	\$ 4,498,429	0.6%
Restricted	2,485,606	2,861,739	-	-	2,485,606	2,861,739	15.1%
Unrestricted	(1,464,417)	(1,541,037)	13,290	34,008	(1,451,127)	(1,507,029)	3.9%
<b>Total Net Position</b>	<b>\$ 5,444,758</b>	<b>\$ 5,775,522</b>	<b>\$ 61,628</b>	<b>\$ 77,617</b>	<b>\$ 5,506,386</b>	<b>\$ 5,853,139</b>	<b>6.3%</b>

An increase of 6.3% or just over \$346 thousand in the District's net position is evidenced in Figure A-3.

Restricted net position represents 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 \$376,133 from the prior year mainly due to an increase in the ending fund balances of the Management, PPEL and Capital Projects funds.

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 \$55,902.

Figure A-4 shows the changes in net position for the year ended June 30, 2018 compared to the year ended June 30, 2017.

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2017	2018	2017	2018	2017	2018	2017-2018
Revenues:							
Program revenues:							
Charges for services	\$ 974,562	\$ 970,886	\$ 231,890	\$ 239,869	\$ 1,206,452	\$ 1,210,755	0.4%
Operating grants and contributions	1,195,343	1,081,216	138,848	142,694	1,334,191	1,223,910	-8.3%
Capital grants and contributions	-	10,190	-	-	-	10,190	-
General revenues:							
Property taxes and other taxes	3,604,269	3,673,825	-	-	3,604,269	3,673,825	1.9%
Unrestricted state grants	2,420,822	2,681,463	-	-	2,420,822	2,681,463	10.8%
Other	111,612	132,676	(598)	197	111,014	132,873	19.7%
<b>Total Revenues</b>	<b>\$ 8,306,608</b>	<b>\$ 8,550,256</b>	<b>\$ 370,140</b>	<b>\$ 382,760</b>	<b>\$ 8,676,748</b>	<b>\$ 8,933,016</b>	<b>3.0%</b>
Program Expenses:							
Instruction	\$ 4,709,995	\$ 5,060,357	\$ -	\$ -	\$ 4,709,995	\$ 5,060,357	7.4%
Support services	2,579,920	2,683,718	-	-	2,579,920	2,683,718	4.0%
Non-instructional programs	7,637	7,491	346,563	354,422	354,200	361,913	2.2%
Other expenses	536,300	567,122	-	-	536,300	567,122	5.7%
<b>Total Expenses</b>	<b>\$ 7,833,852</b>	<b>\$ 8,318,688</b>	<b>\$ 346,563</b>	<b>\$ 354,422</b>	<b>\$ 8,180,415</b>	<b>\$ 8,673,110</b>	<b>6.0%</b>
Excess before transfers	\$ 472,756	\$ 231,568	\$ 23,577	\$ 28,338	\$ 496,333	\$ 259,906	-47.6%
Transfers in	\$ 10,936	\$ 10,917	\$ -	\$ -	\$ 10,936	\$ 10,917	0.0%
Transfers out	\$ -	\$ -	\$ (10,936)	\$ (10,917)	\$ (10,936)	\$ (10,917)	0.0%
<b>Total Transfers</b>	<b>\$ 10,936</b>	<b>\$ 10,917</b>	<b>\$ (10,936)</b>	<b>\$ (10,917)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
Change in Net Position	\$ 483,692	\$ 242,485	\$ 12,641	\$ 17,421	\$ 496,333	\$ 259,906	0.0%
Net Position Beginning of Year, as Restated	4,961,066	5,533,037	48,987	60,196	5,010,053	5,593,233	11.6%
<b>Net Position End of Year</b>	<b>\$ 5,444,758</b>	<b>\$ 5,775,522</b>	<b>\$ 61,628</b>	<b>\$ 77,617</b>	<b>\$ 5,506,386</b>	<b>\$ 5,853,139</b>	<b>6.3%</b>

As shown in figure A-4, net position increased by \$259,906 in 2017-2018. Property, other taxes, and unrestricted state aid account for 76% 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 93% of the total expenses in the governmental funds.

### Governmental Activities

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2017	2018	2017-2018	2017	2018	2017-2018
Instruction	4,636,525	5,060,357	9.1%	3,071,202	3,379,324	10.0%
Support services	2,363,897	2,683,718	13.5%	2,309,397	2,576,128	11.5%
Non-instructional programs	4,977	7,491	50.5%	7,637	7,491	-1.9%
Other expenses	536,300	567,122	5.7%	275,711	293,443	6.4%
<b>Total</b>	<b>7,541,699</b>	<b>8,318,688</b>	<b>10.3%</b>	<b>5,663,947</b>	<b>6,256,386</b>	<b>10.5%</b>

For the year ended June 30, 2018:

- The cost financed by users of the District's programs was \$970,886.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,091,406.
- The net cost of governmental activities was financed with \$3,673,825 in various taxes, \$2,681,463 in state foundation aid and \$143,593 in miscellaneous income.

### **Business Type Activities**

Revenues of the District's business type activities were \$382,918 and expenses were \$354,422. 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 \$3,812,346.

### **Governmental Fund Highlights**

- In the District's General Fund, revenues and expenditures increased which resulted in a \$41,641 or 3% increase in fund balance. The property tax rate between the two years for the General Fund decreased 13¢.
- The Management Fund balance decreased from \$375,630 to \$290,697 in anticipation of proposing an early retirement incentive to teaching employees to try to reduce ongoing staffing costs.
- The Physical Plant and Equipment Levy (PPEL) fund balance increased from \$472,432 to \$667,558. This fund is used to buy vehicles, buses, technology and equipment.
- The Statewide Sales, Services and Use Tax Fund balance increased from \$1,078,717 to \$1,248,524. This increase is due to trying to build a balance for possible future major infrastructure projects such as resurfacing parking lots, buying additional land, and remodeling the elementary building.

### **Proprietary Fund Highlights**

- The School Nutrition Fund net position increased from \$60,196 at June 30, 2017 to \$77,617 at June 30, 2018. Daily lunch and breakfast prices were increased by 5¢-10¢ to be able to offer a larger and healthier variety of choices.

## 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 \$124,000 of the total budgeted revenues, a variance of 1.4%.

Total expenditures were \$3.4 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 2017-2018.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2018, the District had invested \$7.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, technology and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.37% from last year. Depreciation expense for the year exceeded \$389,000.

The original cost of the District's capital assets was over \$14 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 the remodeling of locker room, gym floor and hallway lighting, and new equipment including copiers, printers, smart boards, computers, and musical instruments and acoustic shell. Capital asset retirements included old computers and other electronic equipment.

Figure A-6								
	Capital Assets, Net of Depreciation				Total		Total	
	Governmental		Business-type		School District		Change	
	Activities		Activities		2017	2018	2017-2018	
	2017	2018	2017	2018	2017	2018		
Land	\$ 79,537	\$ 79,537	\$ -	\$ -	\$ 79,537	\$ 79,537	0.00%	
Buildings	7,010,400	6,859,499	-	-	7,010,400	6,859,499	-2.15%	
Improvements other than buildings	422,382	391,196	-	-	422,382	391,196	-7.38%	
Equipment & furniture	616,250	609,588	48,338	43,609	664,588	653,197	-1.71%	
Total	<u>\$ 8,128,569</u>	<u>\$ 7,939,820</u>	<u>\$ 48,338</u>	<u>\$ 43,609</u>	<u>\$ 8,176,907</u>	<u>\$ 7,983,429</u>	<u>-2.37%</u>	



## Long-Term Debt

At June 30, 2018, the District had \$3,485,000 in revenue bonds outstanding. This represents a decrease of approximately 6% from last year. (See Figure A-7) These bonds were issued for the high school multi-purpose room and commons area addition/remodel.

	Total District		Total Change
	June 30,		June 30,
	2017	2018	2017-2018
Revenue bonds	\$3,705,000	\$3,485,000	-5.9%
Total	\$3,705,000	\$3,485,000	-5.9%

## Economic Factors Bearing on the District's Future

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

- Funding levels for Iowa K-12 school districts depend principally on two factors: first, changes in enrollment and second, changes in per pupil district cost. Per pupil district cost is an amount annually set by state government. This amount has historically been determined by applying a percentage increase to the prior year's amount. The percentage increase was 1% for FY19, 1.11% for FY18, 2.25% for FY17 and 1.25% for FY16. 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 FY20 which makes it difficult to make long-term budget plans.
- The certified enrollment count taken in September of 2018 was 595.3 which was an increase of 14 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 126 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. FY18 ending solvency ratio was 15.8%.
- 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 has been renewed through the 2019-2020 school year. In FY19 Bellevue gained a total of 25 students (an increase of 2 students from the prior year) from Andrew. Bellevue receives 92% of the State District Cost per pupil for each of those students for FY19.

- In 2017 the State legislature significantly changed the rules involving collective bargaining as a way to help districts budget more effectively. The results of this change are yet to be determined as Bellevue has a 2-year commitment with the teachers union under the old bargaining rules. The District will be bargaining under the new rules for FY20.
- 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 20 years, the District has been shorted over \$208,000 in nonpublic transportation reimbursements. The district has no other options to recoup those dollars.
- The state of the economy impacts Iowa general fund revenues. These revenues ultimately support state school aid. Recently, the Iowa Revenue Estimating Committee (REC) has projected a small increase in state revenues for the 2018-2019 fiscal year. How that will be reflected in school funding is yet to be determined.

### **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, 2018**

	Governmental Activities -----	Business Type Activities -----	Total -----
<b>Assets</b>			
Cash and cash equivalents	\$ 4,416,473	\$ 126,481	\$ 4,542,954
Receivables:			
Property tax:			
Delinquent	23,248	---	23,248
Succeeding year	3,347,941	---	3,347,941
Income surtax	162,723	---	162,723
Accounts	7,468	337	7,805
Due from other governments	245,568	1,022	246,590
Prepaid expenses	27,967	578	28,545
Inventories	10,354	2,646	13,000
Capital assets, net of accumulated depreciation	7,939,820	43,609	7,983,429
	-----	-----	-----
Total Assets	\$ 16,181,562	\$ 174,673	\$ 16,356,235
	-----	-----	-----
<b>Deferred Outflows of Resources</b>			
Pension related amounts	\$ 1,009,257	\$ 28,212	\$ 1,037,469
	-----	-----	-----
<b>Liabilities</b>			
Accounts payable	\$ 17,250	\$ ---	\$ 17,250
Salaries and benefits payable	557,533	---	557,533
Accrued interest payable	73,755	---	73,755
Due to other governments	40,094	---	40,094
Deferred revenue	100	8,227	8,327
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	230,000	---	230,000
Portion due after one year:			
Revenue bonds payable	3,255,000	---	3,255,000
Net pension liability	3,632,054	108,776	3,740,830
Total OPEB liability	200,045	6,350	206,395
	-----	-----	-----
Total Liabilities	\$ 8,005,831	\$ 123,353	\$ 8,129,184
	-----	-----	-----

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

	Governmental Activities -----	Business Type Activities -----	Total -----
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	\$ 3,347,941	\$ ---	\$ 3,347,941
Pension related amounts	55,233	1,715	56,948
OPEB related amounts	6,292	200	6,492
	-----	-----	-----
Total Deferred Inflows of Resources	\$ 3,409,466	\$ 1,915	\$ 3,411,381
	-----	-----	-----
<b>Net Position</b>			
Net investment in capital assets	\$ 4,454,820	\$ 43,609	\$ 4,498,429
Restricted for:			
Categorical funding	426,443	---	426,443
Debt service	383,330	---	383,330
Management levy purposes	290,697	---	290,697
School infrastructure	865,194	---	865,194
Physical plant and equipment	830,281	---	830,281
Student activities	65,794	---	65,794
Unrestricted	(1,541,037)	34,008	(1,507,029)
	-----	-----	-----
Total Net Position	\$ 5,775,522	\$ 77,617	\$ 5,853,139
	=====	=====	=====

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2018

	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
<b>Functions/Programs</b>							
Governmental Activities:							
Instruction:							
Regular instruction	\$ 3,242,395	\$ 646,723	\$ 422,105	\$ 10,190	\$ (2,163,377)	\$ ---	\$ (2,163,377)
Special instruction	765,763	79,983	293,696	---	(392,084)	---	(392,084)
Other instruction	1,052,199	196,691	31,635	---	(823,873)	---	(823,873)
<b>Total Instruction</b>	<b>\$ 5,060,357</b>	<b>\$ 923,397</b>	<b>\$ 747,436</b>	<b>\$ 10,190</b>	<b>\$ (3,379,334)</b>	<b>\$ ---</b>	<b>\$ (3,379,334)</b>
Support Services:							
Student	\$ 212,675	\$ 7,245	\$ 1,232	\$ ---	\$ (204,198)	\$ ---	\$ (204,198)
Instructional staff	401,150	---	37,690	---	(363,460)	---	(363,460)
Administration	858,667	4,186	---	---	(854,481)	---	(854,481)
Operation and maintenance of plant	787,899	1,578	---	---	(786,321)	---	(786,321)
Transportation	423,327	15,680	39,979	---	(367,668)	---	(367,668)
<b>Total Support Services</b>	<b>\$ 2,683,718</b>	<b>\$ 28,689</b>	<b>\$ 78,901</b>	<b>\$ ---</b>	<b>\$ (2,576,128)</b>	<b>\$ ---</b>	<b>\$ (2,576,128)</b>
<b>Non-instructional Programs</b>	<b>\$ 7,491</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ (7,491)</b>	<b>\$ ---</b>	<b>\$ (7,491)</b>

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2018

	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
<b>Functions/Programs</b>							
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 54,520	\$ 18,800	\$ ---	\$ ---	\$ (35,720)	\$ ---	\$ (35,720)
Long-term debt interest	149,510	---	---	---	(149,510)	---	(149,510)
AEA flowthrough	254,879	---	254,879	---	---	---	---
Depreciation (unallocated)*	108,213	---	---	---	(108,213)	---	(108,213)
Total Other Expenditures	\$ 567,122	\$ 18,800	\$ 254,879	\$ ---	\$ (293,443)	\$ ---	\$ (293,443)
Total Governmental Activities	\$ 8,318,688	\$ 970,886	\$ 1,081,216	\$ 10,190	\$ (6,256,396)	\$ ---	\$ (6,256,396)
Business Type Activities:							
Non-instructional programs:							
Food service operations	\$ 354,422	\$ 239,869	\$ 142,694	\$ ---	\$ ---	\$ 28,141	\$ 28,141
Total	\$ 8,673,110	\$ 1,210,755	\$ 1,223,910	\$ 10,190	\$ (6,256,396)	\$ 28,141	\$ (6,228,255)

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

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2018

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>General Revenues</b>						
Property Tax Levied For:						
General purposes				\$ 2,702,227	\$ ---	\$ 2,702,227
Capital outlay				265,186	---	265,186
PPEL support surtax				171,902	---	171,902
Statewide sales, services and use tax				534,510	---	534,510
Unrestricted state grants				2,681,463	---	2,681,463
Unrestricted investment earnings				34,606	355	34,961
Other				101,082	---	101,082
Loss on disposal of capital assets				(3,012)	(158)	(3,170)
Transfers				10,917	(10,917)	---
<b>Total General Revenues</b>				<b>\$ 6,498,881</b>	<b>\$ (10,720)</b>	<b>\$ 6,488,161</b>
<b>Change in Net Position</b>				<b>\$ 242,485</b>	<b>\$ 17,421</b>	<b>\$ 259,906</b>
<b>Net Position Beginning of Year, as Restated</b>				<b>5,533,037</b>	<b>60,196</b>	<b>5,593,233</b>
<b>Net Position End of Year</b>				<b>\$ 5,775,522</b>	<b>\$ 77,617</b>	<b>\$ 5,853,139</b>

See notes to financial statements.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
<b>Assets</b>				
Cash and cash equivalents	\$ 1,884,171	\$ 1,872,588	\$ 659,714	\$ 4,416,473
Receivables:				
Property tax:				
Delinquent	19,728	1,988	1,532	23,248
Succeeding year	2,790,628	328,113	229,200	3,347,941
Income surtax	---	162,723	---	162,723
Accounts	7,468	---	---	7,468
Due from other governments	200,260	45,308	---	245,568
Prepaid expenses	12,967	15,000	---	27,967
Inventories	10,354	---	---	10,354
	-----	-----	-----	-----
Total Assets	\$ 4,925,576	\$ 2,425,720	\$ 890,446	\$ 8,241,742
	=====	=====	=====	=====
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 12,265	\$ 3,985	\$ ---	\$ 16,250
Accrued interest and principle payable	---	---	304,755	304,755
Salaries & benefits payable	557,533	---	---	557,533
Due to other governments	25,277	14,817	---	40,094
Deferred revenue	100	---	---	100
	-----	-----	-----	-----
Total Liabilities	\$ 595,175	\$ 18,802	\$ 304,755	\$ 918,732
	-----	-----	-----	-----
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ 2,790,628	\$ 328,113	\$ 229,200	\$ 3,347,941
Income surtax	---	162,723	---	162,723
	-----	-----	-----	-----
Total Deferred Inflows of Resources	\$ 2,790,628	\$ 490,836	\$ 229,200	\$ 3,510,664
	-----	-----	-----	-----
Fund Balances:				
Nonspendable:				
Inventories	\$ 10,354	\$ ---	\$ ---	\$ 10,354
Prepaid expenses	12,967	---	---	12,967
Restricted for:				
Categorical funding	426,443	---	---	426,443
Debt service	---	383,330	---	383,330
Student activities	---	---	65,794	65,794
Management levy purposes	---	---	290,697	290,697
School infrastructure	---	865,194	---	865,194
Physical plant and equipment	---	667,558	---	667,558
Unassigned	1,090,009	---	---	1,090,009
	-----	-----	-----	-----
Total Fund Balances	\$ 1,539,773	\$ 1,916,082	\$ 356,491	\$ 3,812,346
	-----	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,925,576	\$ 2,425,720	\$ 890,446	\$ 8,241,742
	=====	=====	=====	=====

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, 2018**

<b>Total fund balances of governmental funds</b>	<b>\$ 3,812,346</b>
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,939,820
Income surtaxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are recognized as deferred inflows of resources in the funds.	162,723
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.	947,732
Long-term liabilities, including bonds payable, net pension liability, and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(7,087,099)
<b>Net position of governmental activities</b>	<b>\$ 5,775,522</b>

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
<b>Revenues</b>				
Local sources:				
Local tax	\$ 2,508,651	\$ 417,123	\$ 193,576	\$ 3,119,350
Tuition	664,847	---	---	664,847
Other	176,254	30,801	201,478	408,533
Intermediate sources	1,132	---	---	1,132
State sources	3,469,559	537,803	2,559	4,009,921
Federal sources	313,946	110	85	314,141
	-----	-----	-----	-----
Total Revenues	\$ 7,134,389	\$ 985,837	\$ 397,698	\$ 8,517,924
	-----	-----	-----	-----
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$ 2,933,844	\$ 72,570	\$ 203,639	\$ 3,210,053
Special	785,606	---	---	785,606
Other	841,930	---	195,763	1,037,693
	-----	-----	-----	-----
Total Instruction	\$ 4,561,380	\$ 72,570	\$ 399,402	\$ 5,033,352
	-----	-----	-----	-----
Support Services:				
Student	\$ 207,936	\$ ---	\$ 401	\$ 208,337
Instructional staff	363,867	36,412	1,101	401,380
Administration	814,711	22,655	9,182	846,548
Operation and maintenance of plant	552,559	18,070	52,339	622,968
Transportation	346,078	---	23,680	369,758
	-----	-----	-----	-----
Total Support Services	\$ 2,285,151	\$ 77,137	\$ 86,703	\$ 2,448,991
	-----	-----	-----	-----
Non-instructional Programs	\$ ---	\$ ---	\$ 4,900	\$ 4,900
	-----	-----	-----	-----
Other Expenditures:				
Facilities acquisition	\$ ---	\$ 107,066	\$ ---	\$ 107,066
Long-term debt:				
Principal	---	---	220,000	220,000
Interest and fiscal charges	---	---	159,510	159,510
AEA flowthrough	254,879	---	---	254,879
	-----	-----	-----	-----
Total Other Expenditures	\$ 254,879	\$ 107,066	\$ 379,510	\$ 741,455
	-----	-----	-----	-----

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, 2018**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
<b>Expenditures (Continued)</b>				
Total Expenditures	\$ 7,101,410	\$ 256,773	\$ 870,515	\$ 8,228,698
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 32,979	\$ 729,064	\$ (472,817)	\$ 289,226
	-----	-----	-----	-----
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ 10,917	\$ ---	\$ 382,865	\$ 393,782
Operating transfers out	(3,355)	(379,510)	---	(382,865)
Compensation for loss of fixed assets	---	15,379	---	15,379
Sale of equipment and materials	1,100	---	---	1,100
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 8,662	\$ (364,131)	\$ 382,865	\$ 27,396
	-----	-----	-----	-----
Change in Fund Balances	\$ 41,641	\$ 364,933	\$ (89,952)	\$ 316,622
	-----	-----	-----	-----
Fund Balances Beginning of Year	1,498,132	1,551,149	446,443	3,495,724
	-----	-----	-----	-----
Fund Balances End of Year	\$ 1,539,773	\$ 1,916,082	\$ 356,491	\$ 3,812,346
	=====	=====	=====	=====

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, 2018**

<b>Change in fund balances - total governmental funds</b>	<b>\$ 316,622</b>
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$(383,972) exceeded capital outlays of \$199,335 in the current period.	(184,637)
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.	(4,112)
Income surtaxes not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.	19,965
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.	230,000
The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.	375,167
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include pension expense and the net increase in the total OPEB liability.	(510,520)
<b>Change in net position of governmental activities</b>	<b>\$ 242,485</b>

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2018**

	School Nutrition -----
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 126,481
Accounts receivable	337
Due from other governments	1,022
Prepaid expenses	578
Inventories	2,646
	-----
Total Current Assets	\$ 131,064
	-----
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	43,609
	-----
Total Assets	\$ 174,673
	-----
<b>Deferred Outflows of Resources</b>	
Pension related amounts	\$ 28,212
	-----
<b>Liabilities</b>	
Current Liabilities:	
Unearned revenue	\$ 8,227
	-----
Noncurrent Liabilities:	
Net pension liability	\$ 108,776
Total OPEB liability	6,350
	-----
Total Noncurrent Liabilities	\$ 115,126
	-----
Total Liabilities	\$ 123,353
	-----
<b>Deferred Inflows of Resources</b>	
Pension related amounts	\$ 1,715
OPEB related amounts	200
	-----
Total Deferred Inflows of Resources	\$ 1,915
	-----
<b>Net Position</b>	
Net investment in capital assets	\$ 43,609
Unrestricted	34,008
	-----
Total Net Position	\$ 77,617
	=====

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, 2018**

	School Nutrition -----
<b>Operating Revenues</b>	
Local sources:	
Charges for services	\$ 239,869
	-----
<b>Operating Expenses</b>	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 120,493
Benefits	30,098
Purchased services	6,945
Supplies	191,256
Depreciation	5,630
	-----
Total Operating Expenses	\$ 354,422
	-----
Operating Loss	\$ (114,553)
	-----
<b>Non-Operating Revenues (Expenses)</b>	
State sources	\$ 2,905
Federal sources	139,789
Interest income	355
Loss on disposal of capital assets	(158)
	-----
Total Non-Operating Revenues (Expenses)	\$ 142,891
	-----
<b>Other Financing Sources (Uses)</b>	
Transfers out	\$ (10,917)
	-----
Change in Net Position	\$ 17,421
	-----
Net Position Beginning of Year, as Restated	60,196
	-----
Net Position End of Year	\$ 77,617
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2018**

	School Nutrition
<b>Cash Flows From Operating Activities</b>	
Cash received from sale of lunches and breakfasts	\$ 240,797
Cash paid to employees for services	(146,505)
Cash paid to suppliers for goods and services	(183,037)
Net Cash Used by Operating Activities	\$ (88,745)
<b>Cash Flows From Non-Capital Financing Activities</b>	
State grants received	\$ 2,905
Federal grants received	110,979
Transfers to other funds	(10,917)
Net Cash Provided by Non-Capital Financing Activities	\$ 102,967
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition of capital assets	\$ (1,059)
<b>Cash Flows From Investing Activities</b>	
Interest on investments	\$ 355
Net Increase in Cash and Cash Equivalents	\$ 13,518
Cash and Cash Equivalents Beginning of Year	112,963
Cash and Cash Equivalents End of Year	\$ 126,481
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating loss	\$ (114,553)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	28,810
Depreciation	5,630
Decrease in inventories	1,301
Increase in accounts receivable	(294)
Increase in due from other governments	(1,022)
Decrease in due from other funds	329
Increase in prepaid expenses	(47)
Decrease in accounts payable	(15,229)
Increase in unearned revenue	2,244
Increase in net pension liability	5,963
Increase in deferred outflows of resources	(2,798)
Increase in deferred inflows of resources	603
Increase in OPEB liability	318
Net Cash Used by Operating Activities	\$ (88,745)

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

During the year ended June 30, 2018, the District received \$28,810 of federal commodities.

See notes to financial statements.



BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2018

	Private Purpose Trust	
	----- Scholarship -----	----- Agency -----
<b>Assets:</b>		
Cash and cash equivalents	\$ 3,000	\$ 906
Intergovernmental receivable	---	37,170
	-----	-----
Total Assets	\$ 3,000	\$ 38,076
	-----	-----
<b>Liabilities</b>		
Due to other governments	\$ ---	\$ 38,076
	-----	-----
<b>Net Position:</b>		
Reserved for scholarships	\$ 3,000	\$ ---
	=====	=====

See notes to financial statements.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2018

	Private Purpose Trust
	----- Scholarship -----
<b>Additions:</b>	
Local sources:	
Gifts and contributions	\$ 1,000
<b>Deductions:</b>	
Support services:	
Scholarships awarded	2,000
	-----
Change in Net Position	\$ (1,000)
Net Position Beginning of Year	4,000
	-----
Net Position End of Year	\$ 3,000
	=====

See notes to financial statements.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2018**

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, 2018**

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

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

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

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

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

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

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**

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, 2016, assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2017.

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

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

**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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**

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

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

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

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

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

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

**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, 2018 has been accrued.

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



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**

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

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

**Total OPEB Liability** - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet charged to pension or OPEB expense.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**

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

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

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

Unassigned - All amounts not included in the preceding classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, 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, 2018, 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, 2018**

**Note 2 - Cash and Cash Equivalents: (Continued)**

At June 30, 2018, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$347 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**Note 3 - Interfund Transfers:**

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
General	Nutrition	\$ 10,917
Special Revenue:		
Student Activity	General	3,355
Debt service	Capital projects	379,510
		\$ 393,782
		\$ 393,782

Transfers are used to move resources from the fund that statute or budget requires to record them to the fund that statute or budget requires to expend them as well as to reimburse expenses.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 4 - Capital Assets:**

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 79,537	\$ ---	\$ ---	\$ 79,537
	-----	-----	-----	-----
Capital assets being depreciated:				
Buildings	\$10,182,929	\$ 52,546	\$ 6,916	\$10,228,559
Improvements other than buildings	953,786	4,828	---	958,614
Furniture and equipment	3,051,577	141,961	69,056	3,124,482
	-----	-----	-----	-----
Total capital assets being depreciated	\$14,188,292	\$ 199,335	\$ 75,972	\$14,311,655
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings	\$ 3,172,529	\$ 203,447	\$ 6,916	\$ 3,369,060
Improvements other than buildings	531,404	36,014	---	567,418
Furniture and equipment	2,435,327	144,511	64,944	2,514,894
	-----	-----	-----	-----
Total accumulated depreciation	\$ 6,139,260	\$ 383,972	\$ 71,860	\$ 6,451,372
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 8,049,032	\$ (184,637)	\$ 4,112	\$ 7,860,283
	-----	-----	-----	-----
Governmental Activities Capital Assets, Net	<u>\$ 8,128,569</u>	<u>\$ (184,637)</u>	<u>\$ 4,112</u>	<u>\$ 7,939,820</u>
	-----	-----	-----	-----
<b>Business Type Activities:</b>				
Furniture and equipment	\$ 68,078	\$ 1,059	\$ 950	\$ 68,187
Less accumulated depreciation	19,740	5,630	792	24,578
	-----	-----	-----	-----
Business Type Activities Capital Assets, Net	<u>\$ 48,338</u>	<u>\$ (4,571)</u>	<u>\$ 158</u>	<u>\$ 43,609</u>
	-----	-----	-----	-----

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 4 - Capital Assets: (Continued)**

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 37,958
Special instruction	10,746
Other instruction	17,825

Support services:

Instructional staff support	1,980
Administration	5,589
Operation and maintenance of plant	151,498
Transportation	47,572
Non-instructional	2,591
Unallocated	108,213

Total Depreciation Expense - Governmental Activities	\$ 383,972
--	------------

Business type activities:

Food service operations	\$ 5,630
-------------------------	----------

**Note 5 - Long-Term Liabilities:**

Changes in long-term liabilities for the year ended June 30, 2018, are summarized as follows:

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental Activities:</b>					
Revenue bonds	\$ 3,705,000	\$ ---	\$ 220,000	\$ 3,485,000	\$ 230,000
Net pension liability	3,416,655	215,399	---	3,632,054	---
Total OPEB liability	190,021	10,024	---	200,045	---
Total	\$ 7,311,676	\$ 225,423	\$ 220,000	\$ 7,317,099	\$ 230,000
<b>Business Type Activities:</b>					
Net pension liability	\$ 102,813	\$ 5,963	\$ ---	\$ 108,776	\$ ---
Total OPEB liability	6,032	318	---	6,350	---
Total	\$ 108,845	\$ 6,281	\$ ---	\$ 115,126	\$ ---

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 5 - Long-Term Liabilities: (Continued)**

**Revenue Bonds**

Details of the District's June 30, 2018, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30	Interest Rates	Principal	Interest	Total
-----	-----	-----	-----	-----
2019	3.50%	\$ 230,000	\$ 143,485	\$ 373,485
2020	3.75%	235,000	135,054	370,054
2021	3.90%	245,000	125,870	370,870
2022	4.00%	255,000	115,992	370,992
2023	4.10%	270,000	105,357	375,357
2024 - 2028	4.20 - 4.50%	1,535,000	340,867	1,875,867
2029 - 2031	4.60 - 4.70%	715,000	33,784	748,784
Total		\$ 3,485,000	\$ 1,000,409	\$ 4,485,409
		=====	=====	=====

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, 2018**

**Note 5 - 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, 2018. The amounts required for the Sinking Fund and Reserve Fund are accounted for in the Capital Projects Fund.

**Note 6 - Pension Plan:**

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

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 6 - Pension Plan: (Continued)**

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 6 - Pension Plan: (Continued)**

payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2018, pursuant to the required rate, regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll, for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2018 were \$385,551.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$3,740,830 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the District's proportion was 0.056158%, which was an increase of 0.000234 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$508,157. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	-----	-----
Difference between expected and actual experience	\$ 1,933	\$ ---
Change in assumptions	649,984	---
Net difference between projected and actual earnings on pension plan investments	---	39,072
Changes in proportion and differences between District contributions and proportionate share of contributions	---	17,876
District contributions subsequent to the measurement date	385,551	---
	-----	-----
	<u>\$ 1,037,468</u>	<u>\$ 56,948</u>

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 6 - Pension Plan: (Continued)**

\$385,551 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30, -----	
2019	\$ 83,186
2020	279,716
2021	166,692
2022	20,428
2023	44,951
	-----
	\$ 594,973
	=====

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 6 - Pension Plan: (Continued)**

allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core Plus Fixed Income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportional Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District’s proportionate share of the net pension liability	\$ 6,163,387	\$ 3,740,830	\$ 1,705,416

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

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 6 - Pension Plan: (Continued)**

Payables to IPERS' – At June 30, 2018, the District reported payables to IPERS of \$44,653 for legally required employer contributions and \$29,768 for legally required employee contributions which had been withheld from employee wages which had not yet been remitted to IPERS.

**Note 7 - 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. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	65
	-----
Total	69

Total OPEB Liability – The District's total OPEB liability of \$206,395 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	3.00% per annum
Discount rate (effective June 30, 2018)	3.72% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2018)	6.00% per annum, including inflation.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 7 - Other Postemployment Benefits (OPEB): (Continued)**

Discount Rate – The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuity mortality table. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

Total OPEB liability beginning of year, as restated	\$	196,053
		-----
Changes for the year:		
Service cost		13,728
Interest		7,732
Differences between expected and actual experience		(7,091)
Benefit payments		(4,027)
		-----
Net changes	\$	10,342
		-----
Total OPEB liability at end of year	\$	206,395
		=====

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current discount rate.

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
	-----	-----	-----
Total OPEB liability	\$ 227,213	\$ 206,395	\$ 187,812

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 7 - Other Postemployment Benefits (OPEB): (Continued)**

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
	-----	-----	-----
Total OPEB liability	\$ 180,664	\$ 206,395	\$ 237,014

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the District recognized OPEB expense of \$20,861. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
	-----
Differences between expected and actual experience	\$ 6,492
	=====

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
-----	
2019	\$ (599)
2020	(599)
2021	(599)
2022	(599)
2023	(599)
Thereafter	(3,497)
	-----
	\$ (6,492)
	=====

**Note 8 - 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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 8 - Risk Management: (Continued)**

Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 9 - Area Education Agency:**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$254,879 for the year ended June 30, 2018, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**Note 10 - 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.

On September 14, 2015, the District entered into a 28E agreement with the City of Bellevue and Marquette Catholic School System. The purpose of the agreement is to provide terms and conditions upon which the City will share the use of the Softball and Baseball diamonds located at Cole Park in Bellevue with Bellevue Community School District and Marquette Catholic School System, and upon which the Bellevue Community School District and Marquette Catholic School System will assist in making the improvements to the Facility.

**Note 11 - Tax Abatements:**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Bellevue	Urban renewal areas	\$79,339

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 11 - Tax Abatements: (Continued)**

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2018, this reimbursement amounted to \$43,069.

**Note 12 - Termination Benefits:**

In November 2017, 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 contracted service to the District, or are currently on Step 15 of the salary schedule and have completed at least ten years of full-time service to the District. Eligible employees must have also reached the age of fifty-five on or before June 30, 2018. The application for early retirement was subject to approval by the Board of Education.

Employees participating in the plan shall receive the following early retirement incentive benefits:

- a) A lump sum amount of twenty-five thousand dollars (\$25,000).
- b) An amount equal to two hundred fifty dollars (\$250.00) for every year of continuous service the employee has provided to the District as a teacher.
- c) An amount equal to seventy-five dollars (\$75.00) for each accrued, unused sick leave day the employee has on June 30, 2018.

The policy requires early retirement benefits to be paid in one installment on June 30, 2018.

At June 30, 2018, the District did not have any obligations to participants. Actual early retirement expenditures for the year ended June 30, 2018 total \$190,350.

**Note 13 - Construction Commitment:**

The District entered into a contract totaling \$105,000 for the construction of a new parking lot. As of June 30, 2018, costs of \$52,500 had been paid against the contract. The balance of \$52,500 remaining at June 30, 2018 will be paid as work on the project progresses.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 14 - Categorical Funding:**

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2018.

Program	Amount
Salary improvement plan	\$ 60,049
Voluntary preschool program	168,794
Professional development for model core curriculum	9,577
Professional development	59,781
Gifted and talented	101,887
Home school assistance program	3,707
Early Intervention	13,233
Non Public Texts	2,557
Other	6,858
	\$ 426,443

**Note 15 - Accounting Change/Restatement:**

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental and business type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 15 - Accounting Change/Restatement: (Continued)**

	Governmental Activities	Business type Activities
Net position June 30, 2017, as previously reported	\$ 5,444,758	\$ 61,628
OPEB obligation measured under previous standards	278,300	4,600
Total OPEB liability at June 30, 2017	(190,021)	(6,032)
	\$ 5,533,037	\$ 60,196

**Note 16 - Subsequent Events:**

In January 2019, the District purchased land at a cost of \$737,120.

The District's management has evaluated events and transactions for potential financial statement recognition and disclosure through January 23, 2019, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL -  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>Revenues</b>						
Local sources	\$ 4,192,730	\$ 229,149	\$ 4,421,879	\$ 4,290,649	\$ 4,290,649	\$ 131,230
Intermediate sources	1,132	---	1,132	1,132	1,132	---
State sources	4,009,921	2,905	4,012,826	4,065,976	4,065,976	(53,150)
Federal sources	314,141	139,789	453,930	407,640	407,640	46,290
<b>Total Revenues</b>	<b>\$ 8,517,924</b>	<b>\$ 371,843</b>	<b>\$ 8,889,767</b>	<b>\$ 8,765,397</b>	<b>\$ 8,765,397</b>	<b>\$ 124,370</b>
<b>Expenditures/Expenses</b>						
Instruction	\$ 5,033,352	\$ ---	\$ 5,033,352	\$ 6,271,111	\$ 6,271,111	\$ 1,237,759
Support services	2,448,991	---	2,448,991	3,354,792	3,354,792	905,801
Non-instructional programs	4,900	354,422	359,322	453,212	453,212	93,890
Other expenditures	741,455	---	741,455	1,962,247	1,962,247	1,220,792
<b>Total Expenditures/Expenses</b>	<b>\$ 8,228,698</b>	<b>\$ 354,422</b>	<b>\$ 8,583,120</b>	<b>\$ 12,041,362</b>	<b>\$ 12,041,362</b>	<b>\$ 3,458,242</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures/Expenses	\$ 289,226	\$ 17,421	\$ 306,647	\$ (3,275,965)	\$ (3,275,965)	\$ 3,582,612
Other Financing Sources, Net	27,396	---	27,396	4,012	4,012	23,384
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	\$ 316,622	\$ 17,421	\$ 334,043	\$ (3,271,953)	\$ (3,271,953)	\$ 3,605,996
Balances Beginning of Year	3,495,724	60,196	3,555,920	3,655,283	3,655,283	(99,363)
Balances End of Year	\$ 3,812,346	\$ 77,617	\$ 3,889,963	\$ 383,330	\$ 383,330	\$ 3,506,633

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2018**

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, 2018, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

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

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST FOUR YEARS\*  
(IN THOUSANDS)**

**REQUIRED SUPPLEMENTARY INFORMATION**

	2018	2017	2016	2015
	-----	-----	-----	-----
District's proportion of the net pension liability	.056158%	.055924%	.057170%	.058674%
District's proportionate share of the net pension liability	\$ 3,740	\$ 3,519	\$ 2,824	\$ 2,327
District's covered-payroll	\$ 4,192	\$ 4,031	\$ 3,930	\$ 3,840
District's proportionate share of the net pension liability as a percentage of its covered-payroll	89.22%	87.30%	71.86%	60.60%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Statutorily required contributions	\$ 383	\$ 374	\$ 360	\$ 351	\$ 343	\$ 324	\$ 294	\$ 281	\$ 236	\$ 235
Contributions in relation to the statutorily required contribution	(383)	(374)	(360)	(351)	(343)	(324)	(294)	(281)	(236)	(235)
Contribution deficiency (excess)	<u>-----</u> \$ ---	<u>-----</u> \$ ---	<u>-----</u> \$ ---	<u>-----</u> \$ ---	<u>-----</u> \$ ---	<u>-----</u> \$ ---	<u>-----</u> \$ ---	<u>-----</u> \$ ---	<u>-----</u> \$ ---	<u>-----</u> \$ ---
District's covered-payroll	\$ 4,284	\$ 4,192	\$ 4,031	\$ 3,930	\$ 3,840	\$ 3,737	\$ 3,643	\$ 4,043	\$ 3,549	\$ 3,701
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.65%	6.65%	6.35%

See accompanying independent auditor's report.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
- PENSION LIABILITY  
YEAR ENDED JUNE 30, 2018**

Changes of benefit terms:

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

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

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

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



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL  
OPEB LIABILITY, RELATED RATIOS AND NOTES**

**FOR THE CURRENT YEAR**

**REQUIRED SUPPLEMENTARY INFORMATION**

	2018
	-----
Service cost	\$ 13,728
Interest cost	7,732
Difference between expected and actual experiences	(7,091)
Benefit payments	(4,027)
	-----
Net change in total OPEB liability	\$ 10,342
Total OPEB liability beginning of year, as restated	196,053
	-----
Total OPEB liability end of year	\$ 206,395
	=====
Covered-employee payroll	\$4,341,096
Total OPEB liability as a percentage of covered-employee payroll	4.75%

**Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

There were no significant changes in assumptions.

See accompanying independent auditor's report.

**SUPPLEMENTARY  
INFORMATION**

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

	Special Revenue Funds			Total
	Student Activity	Management	Debt Service	
<b>Assets</b>				
Cash and cash equivalents	\$ 65,794	\$ 289,165	\$ 304,755	\$ 659,714
Receivables:				
Property tax:				
Delinquent	---	1,532	---	1,532
Succeeding year	---	229,200	---	229,200
Total Assets	<u>\$ 65,794</u>	<u>\$ 519,897</u>	<u>\$ 304,755</u>	<u>\$ 890,446</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accrued interest and principle payable	\$ ---	\$ ---	\$ 304,755	\$ 304,755
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	\$ ---	\$ 229,200	\$ ---	\$ 229,200
Fund Balances:				
Restricted for:				
Student activities	\$ 65,794	\$ ---	\$ ---	\$ 65,794
Management levy purposes	---	290,697	---	290,697
Total Fund Balances	<u>\$ 65,794</u>	<u>\$ 290,697</u>	<u>\$ ---</u>	<u>\$ 356,491</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 65,794</u>	<u>\$ 519,897</u>	<u>\$ 304,755</u>	<u>\$ 890,446</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, 2018**

	Special Revenue Funds			Total
	Student Activity	Management	Debt Service	
<b>Revenues</b>				
Local Sources:				
Local tax	\$ ---	\$ 193,576	\$ ---	\$ 193,576
Other	188,274	13,204	---	201,478
State sources	---	2,559	---	2,559
Federal sources	---	85	---	85
<b>Total Revenues</b>	<b>\$ 188,274</b>	<b>\$ 209,424</b>	<b>\$ ---</b>	<b>\$ 397,698</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	\$ ---	\$ 203,639	\$ ---	\$ 203,639
Other	195,763	---	---	195,763
<b>Total Instruction</b>	<b>\$ 195,763</b>	<b>\$ 203,639</b>	<b>\$ ---</b>	<b>\$ 399,402</b>
Support Services:				
Student	\$ ---	\$ 401	\$ ---	\$ 401
Instructional staff	885	216	---	1,101
Administration	---	9,182	---	9,182
Operation and maintenance of plant	---	52,339	---	52,339
Transportation	---	23,680	---	23,680
<b>Total Support Services</b>	<b>\$ 885</b>	<b>\$ 85,818</b>	<b>\$ ---</b>	<b>\$ 86,703</b>
Non-instructional Programs	\$ ---	\$ 4,900	\$ ---	\$ 4,900
Other Expenditures:				
Long-term debt:				
Principal	\$ ---	\$ ---	\$ 220,000	\$ 220,000
Interest and fiscal charges	---	---	159,510	159,510
<b>Total Other Expenditures</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 379,510</b>	<b>\$ 379,510</b>
<b>Total Expenditures</b>	<b>\$ 196,648</b>	<b>\$ 294,357</b>	<b>\$ 379,510</b>	<b>\$ 870,515</b>

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, 2018

	Special Revenue Funds			Total
	Student Activity	Management	Debt Service	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (8,374)	\$ (84,933)	\$ (379,510)	\$ (472,817)
<b>Other Financing Sources (Uses)</b>				
Operating transfers	3,355	---	379,510	382,865
Change in Fund Balances	\$ (5,019)	\$ (84,933)	\$ ---	\$ (89,952)
Fund Balances Beginning of Year	70,813	375,630	---	446,443
Fund Balances End of Year	\$ 65,794	\$ 290,697	\$ ---	\$ 356,491

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, 2018**

	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intrafund Transfers	Balance End of Year
	-----	-----	-----	-----	-----
JH/SR Athletics	\$ 8,161	\$ 69,307	\$ 70,653	\$ (655)	\$ 6,160
Believe in the Blue	---	9,720	8,247	---	1,473
Baseball	661	1,595	747	---	1,509
Softball	(275)	205	76	600	454
Strength & Conditioning	2,377	366	710	---	2,033
Film Club	42	---	---	---	42
Comet Club	438	---	---	---	438
Cheerleading	1,136	3,298	5,487	---	(1,053)
Spanish Club	125	---	---	---	125
Musical/Play	10,590	4,218	5,799	---	9,009
Letterman's Club	3,108	4,338	2,046	---	5,400
Boys' Basketball	2,925	1,520	2,177	---	2,268
FFA	(3,445)	3,443	4,354	---	(4,356)
Volleyball	2,910	6,955	8,838	---	1,027
Dance Team	9,865	2,513	5,124	---	7,254
FBLA	(7,592)	38,181	33,394	---	(2,805)
Bowling	691	---	---	---	691
Girls' Basketball	1,018	---	520	---	498
Wrestling	5,719	4,639	3,698	---	6,660
Boys' Track	(1)	1	---	---	---
Cross Country	1,335	3,131	3,543	---	923
National Honor Society	874	738	1,159	---	453
Robotics	474	800	991	(65)	218
Speech	614	---	599	---	15
Elementary	5,155	1,010	1,345	---	4,820
Preschool	728	---	---	---	728
Band	1,310	40	---	---	1,350
Vocal	395	---	---	---	395
Color Guard	593	269	770	---	92
Band resale	(4,938)	552	554	---	(4,940)
Music Boosters	10,365	13,295	16,467	65	7,258
Class of 2018	5,501	165	3,205	(2,461)	---
Class of 2019	1,053	5,925	4,468	---	2,510
Class of 2020	97	674	557	---	214
Class of 2021	---	100	---	---	100
HS Yearbook	3,195	2,345	515	---	5,025
JH Yearbook	281	435	286	---	430
HS Student Council	2,720	8,972	6,081	50	5,661
JH Student Council	569	2,279	2,213	(50)	585
Student Enrichment	2,039	250	2,025	2,866	3,130
Interest	---	350	---	(350)	---
	-----	-----	-----	-----	-----
Total	\$ 70,813	\$ 191,629	\$ 196,648	\$ ---	\$ 65,794
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND ACCOUNTS  
 JUNE 30, 2018

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
<b>Assets</b>			
Cash and cash equivalents	\$1,188,216	\$ 684,372	\$ 1,872,588
Receivables:			
Property tax:			
Delinquent	---	1,988	1,988
Succeeding year	---	328,113	328,113
Income surtax	---	162,723	162,723
Due from other governments	45,308	---	45,308
Prepaid expenses	15,000	---	15,000
	-----	-----	-----
Total Assets	\$1,248,524	\$1,177,196	\$ 2,425,720
	=====	=====	=====
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ ---	\$ 3,985	\$ 3,985
Due to other governments	---	14,817	14,817
	-----	-----	-----
Total Liabilities	\$ ---	\$ 18,802	\$ 18,802
	-----	-----	-----
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	\$ ---	\$ 328,113	\$ 328,113
Income surtax	---	162,723	162,723
	-----	-----	-----
Total Deferred Inflows of Resources	\$ ---	\$ 490,836	\$ 490,836
	-----	-----	-----
Fund Balances:			
Restricted for:			
Debt service	\$ 383,330	\$ ---	\$ 383,330
School infrastructure	865,194	---	865,194
Physical plant and equipment	---	667,558	667,558
	-----	-----	-----
Total Fund Balances	\$1,248,524	\$ 667,558	\$ 1,916,082
	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,248,524	\$1,177,196	\$ 2,425,720
	=====	=====	=====

See accompanying independent auditor's report.

BELLEVUE COMMUNITY SCHOOL DISTRICT  
 BELLEVUE, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2018

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	-----	-----	-----
<b>Revenues</b>			
Local Sources:			
Local tax	\$ ---	\$ 417,123	\$ 417,123
Other	27,951	2,850	30,801
State sources	534,510	3,293	537,803
Federal sources	---	110	110
	-----	-----	-----
Total Revenues	\$ 562,461	\$ 423,376	\$ 985,837
	-----	-----	-----
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	\$ 12,144	\$ 60,426	\$ 72,570
	-----	-----	-----
Support Services:			
Instructional staff	---	36,412	36,412
Administration	---	22,655	22,655
Operation and maintenance of plant	---	18,070	18,070
	-----	-----	-----
Total Support Services	\$ ---	\$ 77,137	\$ 77,137
	-----	-----	-----
Other Expenditures:			
Facilities acquisition	\$ 1,000	\$ 106,066	\$ 107,066
	-----	-----	-----
Total Expenditures	\$ 13,144	\$ 243,629	\$ 256,773
	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 549,317	\$ 179,747	\$ 729,064
	-----	-----	-----
<b>Other Financing Sources (Uses)</b>			
Operating transfers	\$ (379,510)	\$ ---	\$ (379,510)
Compensation for loss of fixed asset	---	15,379	15,379
	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (379,510)	\$ 15,379	\$ (364,131)
	-----	-----	-----
Change in Fund Balances	\$ 169,807	\$ 195,126	\$ 364,933
	-----	-----	-----
Fund Balances Beginning of Year	1,078,717	472,432	1,551,149
	-----	-----	-----
Fund Balances End of Year	\$1,248,524	\$ 667,558	\$1,916,082
	=====	=====	=====

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, 2018

	Balance Beginning of Year -----	Additions -----	Deductions -----	Balance End of Year -----
<b>Assets</b>				
Cash and deposits	\$ 936	\$ ---	\$ 30	\$ 906
Accounts receivable	15,179	21,991	---	37,170
	-----	-----	-----	-----
Total Assets	\$ 16,115	\$ 21,991	\$ 30	\$ 38,076
	=====	=====	=====	=====
<b>Liabilities</b>				
Payable to others	\$ 16,115	\$ 21,961	\$ ---	\$ 38,076
	=====	=====	=====	=====

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Local Sources:										
Local tax	\$ 3,119,350	\$ 3,112,534	\$ 3,007,264	\$ 2,956,401	\$ 2,921,330	\$ 3,092,524	\$ 3,197,437	\$ 3,046,552	\$ 2,844,162	\$ 2,703,540
Tuition	664,847	623,049	563,710	575,239	609,658	598,286	591,609	440,361	330,040	335,167
Other	408,533	415,392	381,387	345,605	351,081	289,940	353,406	320,499	311,037	320,983
Intermediate sources	1,132	1,132	1,132	1,465	1,433	3,096	16,453	25,086	9,778	2,253
State sources	4,009,921	3,893,487	3,709,716	3,717,951	615,438	3,173,255	3,261,883	3,227,569	2,911,345	3,344,716
Federal sources	314,141	274,266	252,859	288,063	232,888	238,607	278,415	407,346	573,714	291,614
<b>Total</b>	<b>\$ 8,517,924</b>	<b>\$ 8,319,860</b>	<b>\$ 7,916,068</b>	<b>\$ 7,884,724</b>	<b>\$ 7,731,828</b>	<b>\$ 7,395,708</b>	<b>\$ 7,699,203</b>	<b>\$ 7,467,413</b>	<b>\$ 6,980,076</b>	<b>\$ 6,998,273</b>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenditures</b>										
Instruction:										
Regular instruction	\$ 3,210,053	\$ 2,728,390	\$ 2,635,401	\$ 2,555,641	\$ 2,988,119	\$ 2,693,245	\$ 2,347,288	\$ 2,455,207	\$ 2,591,075	\$ 2,581,411
Special instruction	785,606	814,349	796,750	788,022	803,358	871,677	800,581	854,220	781,723	787,638
Other instruction	1,037,693	1,093,786	1,084,541	1,002,128	1,019,607	950,696	988,451	948,681	875,644	758,712
Support Services:										
Student	208,337	157,066	168,251	157,765	139,294	168,854	217,575	194,366	190,334	145,866
Instructional staff	401,380	476,161	303,018	319,089	293,358	254,482	250,465	256,279	214,403	227,242
Administration	846,548	753,058	746,292	695,226	705,404	662,720	598,150	606,886	628,971	646,094
Operation and maintenance of plant	622,968	621,574	566,997	580,628	592,393	593,565	551,781	535,183	468,702	486,124
Transportation	369,758	356,038	387,578	621,812	458,975	379,440	376,552	432,298	418,900	424,730
Non-instructional programs	4,900	4,977	5,978	7,998	7,689	6,975	7,645	21,745	32,831	5,276
Other Expenditures:										
Facilities acquisition	107,066	218,004	310,664	244,304	430,452	249,447	189,539	1,724,942	3,807,012	268,372
Long-term debt:										
Principal	220,000	210,000	200,000	200,000	200,000	202,140	195,086	38,132	304,298	80,000
Interest and other charges	159,510	166,660	172,960	167,960	172,960	219,618	189,872	344,901	123,584	13,475
AEA flowthrough	254,879	240,765	245,454	245,752	240,626	231,447	232,928	260,052	260,399	244,209
<b>Total</b>	<b>\$ 8,228,698</b>	<b>\$ 7,840,828</b>	<b>\$ 7,623,884</b>	<b>\$ 7,586,325</b>	<b>\$ 8,052,235</b>	<b>\$ 7,484,306</b>	<b>\$ 6,945,913</b>	<b>\$ 8,672,892</b>	<b>\$ 10,697,876</b>	<b>\$ 6,669,149</b>

See accompanying independent auditor's report.

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

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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, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 23, 2019. In addition, we have disclaimed an opinion on the required supplementary information.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as item I-A-18 to be a material weakness. Item I-A-18 was noted in the prior year audit.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings and Questioned Costs as item I-B-18 to be a significant deficiency. Item I-B-18 was noted in the prior year audit.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2018, 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**

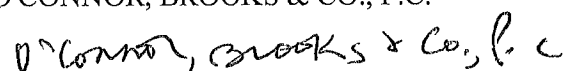
Bellevue Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Bellevue Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we 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.



Dubuque, Iowa  
January 23, 2019

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2018**

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

**MATERIAL WEAKNESSES:**

I-A-18 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition - The Board Secretary performs substantially all of the significant accounting functions.

Cause - The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned 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.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2018**

**Part I: Findings Related to the Financial Statements: (Continued)**

**SIGNIFICANT DEFICIENCY:**

I-B-18 Documentation of Wages

Criteria - An effective internal control system provides for internal controls related to ensuring proper accounting for wages. Internal controls over safeguarding assets constitute a process, effected by the entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation.

Condition - The District has an unwritten policy of paying substitute bus driver and substitute cooks the previous year wage rate for the employee they are covering for. Without a written policy, there could be confusion as to the proper pay amount for substitute bus drivers and substitute cooks.

Cause - The District has not implemented procedure to ensure all wage rates are documented and presented to the Board for approval.

Effect - Not having a written policy, could cause the District to process payroll at an incorrect rate.

Recommendation - The District should have a written policy for the payment of substitute bus drivers and substitute cooks.

Response - Each year, the Finance office will print a general "substitute" contract for cooks, bus drivers, and paraprofessionals that the Board will approve and the Board president will sign. This contract will then become part of the payroll procedures manual. Effective for the fiscal year ending June 30, 2019, the board has adopted a policy to have contracts in place.

Conclusion - Response accepted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

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

II-A-18 Certified Budget - Disbursements for the year ended June 30, 2018, did not exceed the amount budgeted.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2018**

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

II-B-18 Questionable Expenditures - Certain disbursements we believe may not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Flying Saucer	tip on meal	16.71
Blue Iguana	tip on meal	6.00
Sauce on the Side	tip on meal	4.54
St. Louis Hilton	tip on meal	8.62
Flower Lane	funeral flowers	74.20

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such item will certainly be subject to a deserved close scrutiny. The line to be drawn between proper and improper purpose is very thin.

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

Response - The Board will update the employee travel policy to allow for reimbursement of a reasonable tip on meals as tipping or not tipping on competent service reflects negatively on the public perception of Bellevue CSD's employees.

Conclusion- Response accepted

II-C-18 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-18 Business Transactions - No business transactions between the District and District officials or employees were noted.

II-E-18 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-18 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-18 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.



**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2018**

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

- II-H-18 Supplementary Weighting - The Department of Education notified the District of potential weighting amount adjustments. No additional variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-18 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-18 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-18 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-L-18 Statewide Sales, Services and Use 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, 2018, the District reported the following information for the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,078,717
Revenues/Transfers in:		
Statewide sales and services tax revenue	\$ 534,510	
Other	27,951	562,461
	-----	-----
		\$ 1,641,178
Expenditures/transfers out:		
School infrastructure:		
Construction	\$ 1,000	
Equipment	12,144	
Transfer to debt service fund	379,510	392,654
	-----	-----
Ending balance		\$ 1,248,524
		=====

For the year ended June 30, 2018, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

**BELLEVUE COMMUNITY SCHOOL DISTRICT  
BELLEVUE, IOWA**

**SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2018**

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

II-M-18 Student Activity Fund - The Student Activity Fund had four accounts with deficit balances at June 30, 2018.

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

Response - The District administrators will talk to the sponsors of those funds to develop a plan to eliminate those deficit balances.

Conclusion - Response accepted.