

BELLEVUE UNION ELEMENTARY  
SCHOOL DISTRICT  
COUNTY OF SONOMA  
SANTA ROSA, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2015

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Bellevue Union Elementary School District  
Santa Rosa, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellevue Union Elementary School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Bellevue Union Elementary School District's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America 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 entity'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 entity'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 that 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, each major fund, and the aggregate remaining fund information of the Bellevue Union Elementary School District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Change in Accounting Principle*

As described in Note 12 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The District is recognizing its share of the unfunded liability for the California State Teachers' Retirement Plan (STRS) and the California Public Employees' Retirement System Schools Pool Cost-Sharing Multiple Employer Plan (PERS) for the first time based on the most recent actuarial valuations dated June 30, 2013. The District reported a net pension liability of \$12 million at June 30, 2015. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and budgetary comparison information and accounting by employer for postemployment benefits and pensions on pages 51 through 53 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, who 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 auditing standards generally accepted in the United States of America, 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bellevue Union Elementary School District's basic financial statements. The financial and statistical information listed as supplementary information in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The financial and statistical information listed as supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the financial and statistical information listed as supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015, on our consideration of the Bellevue Union Elementary School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Union Elementary School District's internal control over financial reporting and compliance.

*Goodell, Porter, Sanchez & Bright, LLP*

GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

December 2, 2015

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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The discussion and analysis of Bellevue Union Elementary School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements and the District's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

**FINANCIAL HIGHLIGHTS**

- General Fund revenues and other sources were lower than expenditures and other uses by \$2 million, ending the year with available reserves of \$3.1 million higher than the State recommended reserve level of 3% for a District this size.
- The total of the District's fixed assets, land, site, buildings, and equipment, valued on an acquisition cost basis was \$48 million. After depreciation, the June 30, 2015 book value for fixed assets totaled \$36.5 million.
- In complying with GASB 68, the District is recognizing its portion of the unfunded STRS and PERS pension liabilities for the first time in 2014-2015. These liabilities are based on the most recent actuarial valuations. Implementation of GASB 68 requires the District to restate the June 30, 2014 net position by recognizing the pension liabilities. Recognizing the liabilities decreased the June 30, 2014 total net position on the Statement of Net Position by \$14 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Bellevue Union Elementary School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

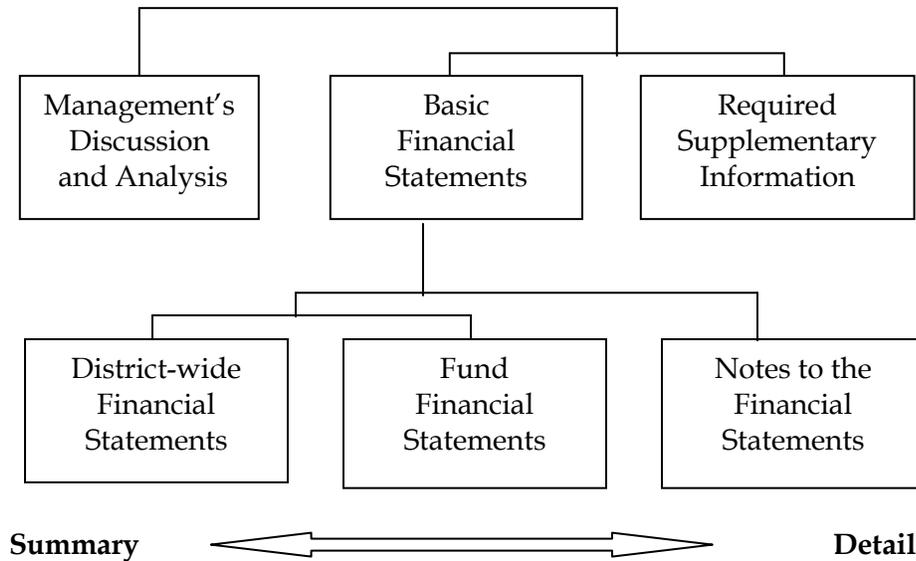
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Components of the Financial Section**



The first two statements are *district-wide financial statements*, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's general fund budget is included.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Reporting the School District as a Whole**

*Statement of Net Position and the Statement of Activities*

These two statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2014-2015?"

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

- ◆ Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- ◆ Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)**

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The fund financial statements provide more detailed information about the District's most significant 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 to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

◆ Governmental Funds

Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Bond Interest and Redemption Fund, the School Building Bond Fund and the Capital Facilities Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

◆ Fiduciary Funds

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

*The School District as a Whole*

The District's net position was \$2.8 million at June 30, 2015. The District has an unrestricted deficit of \$20.1 million. Net investment in capital assets, account for \$17.3 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

**(Table 1)  
Comparative Statement of Net Position**

	Governmental Activities	
	2015	2014
<b>ASSETS</b>		
Cash and investments	\$ 13,608,275	\$ 8,408,692
Receivables	734,998	2,753,362
Notes receivable	250,000	250,000
Capital assets	36,467,669	35,745,766
Total assets	<u>51,060,942</u>	<u>47,157,820</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension expense	<u>960,848</u>	<u>0</u>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	2,033,089	1,805,718
Unearned revenue	347,333	16,574
Net pension liability	11,898,261	
Unamortized bond premiums	784,290	344,330
Long-term liabilities	<u>31,015,694</u>	<u>27,169,739</u>
Total liabilities	<u>46,078,667</u>	<u>29,336,361</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred earnings on pension plan investments	<u>3,121,143</u>	<u>0</u>
<b>NET POSITION</b>		
Net investment in capital assets	17,321,458	16,638,543
Restricted	5,624,475	4,461,380
Unrestricted (deficit)	<u>(20,123,953)</u>	<u>(3,278,464)</u>
Total net position	<u>\$ 2,821,980</u>	<u>\$ 17,821,459</u>

The implementation of GASB 68 in the fiscal year ended June 30, 2015, resulted in a deficit unrestricted net position.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)**

The District's net position decreased \$1.2 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 77 percent of total expenses. The purely administrative activities of the District accounted for just 6 percent of total costs. The remaining 17 percent was spent in the areas of plant services, interest on long-term debt and other outgo. (See Figure 2).

**(Table 2)**  
**Comparative Statement of Change in Net Position**

	Governmental Activities	
	2015	2014
<b>REVENUES</b>		
Program revenues	\$ 6,384,709	\$ 7,018,861
General revenues		
Taxes levied for general purposes	6,434,965	5,561,242
Taxes levied for other specific purposes		4,236
Taxes levied for debt service	2,244,995	1,589,902
Federal and State Aid not restricted to specific purposes	8,346,498	6,237,724
Interest and investment earnings	74,532	53,670
Miscellaneous	551,214	844,777
Total revenues	<u>24,036,913</u>	<u>21,310,412</u>
<b>EXPENSES</b>		
Instruction	15,803,518	12,183,263
Instruction related services	1,391,642	1,227,848
Pupil support services	2,544,607	2,042,019
General administration	1,449,652	920,930
Plant services	1,186,799	1,348,996
Other	2,865,497	3,792,446
Total expenses	<u>25,241,715</u>	<u>21,515,502</u>
Decrease in net position	<u>\$ (1,204,802)</u>	<u>\$ (205,090)</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

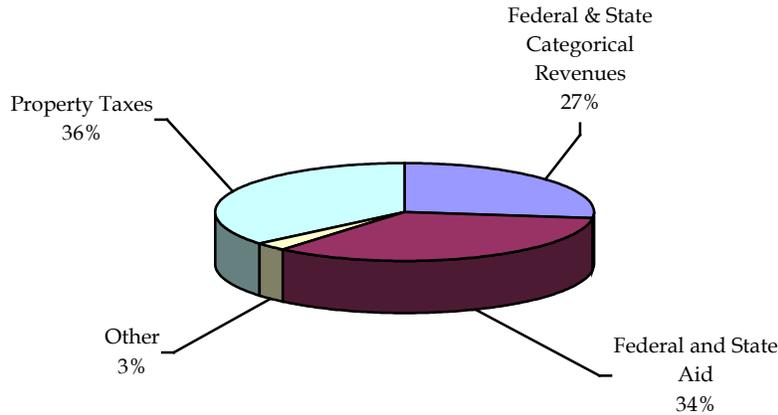
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**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)**

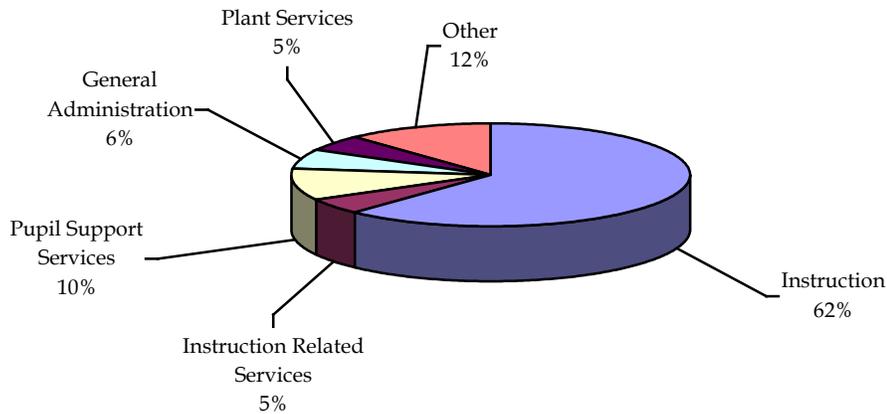
**Governmental Activities**

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$25.5 million. The amount that our local taxpayers financed for these activities through property taxes was \$8.7 million. Federal and State aid not restricted to specific purposes totaled \$8.3 million. State and Federal Categorical revenue totaled \$6.4 million, and covered 27% of the expenses of the entire District (See Figure 1).

**Sources of Revenue for the 2014-2015 Fiscal Year  
Figure 1**



**Expenses for the 2014-2015 Fiscal Year  
Figure 2**



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$12 million, an increase of \$2.5 million from the previous fiscal year's combined ending balance of \$10.0 million. The increase occurred primarily in the School Building Bond Fund. The General Fund balance decreased \$2 million.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget monthly. The significant budget adjustments fell into the following categories:

- ◆ Budget revisions to the adopted budget required after approval of the State budget.
- ◆ Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- ◆ Adjustments required to reflect the mid-year State cuts in revenues.
- ◆ Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$2 million.

The District ended the year with a decrease of \$2 million to the General Fund ending balance. The State recommends an ending reserve for economic uncertainties of 3%. The District's ending reserve was 13.2%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of the 2014-2015 fiscal year, the District had invested \$47.9 million in a broad range of capital assets, including school buildings, site improvements, vehicles, and equipment. This amount represents an increase of \$722 thousand over the previous fiscal year.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)**

**Capital Assets (Concluded)**

**Table 3  
Comparative Schedule of Capital Assets  
(net of depreciation)  
June 30, 2015 and 2014**

	2015	2014	Difference Increase (Decrease)
	<u>2015</u>	<u>2014</u>	<u>(Decrease)</u>
Land	\$ 4,316,397	\$ 3,949,772	\$ 366,625
Site Improvements	4,449,818	4,703,626	(253,808)
Buildings	26,066,793	26,581,188	(514,395)
Machinery and Equipment	528,956	134,921	394,035
Work in Progress	1,105,705	376,259	729,446
Totals	<u>\$ 36,467,669</u>	<u>\$ 35,745,766</u>	<u>\$ 721,903</u>

Additions during 2014-2015 included construction expenditures for the new student and staff restroom building at Meadow View Elementary, new parking area with student drop off and separate bus drop off lane at Bellevue Elementary, new classroom expansion at Meadow View Elementary, technology upgrades and the purchase of maintenance/landscape equipment.

**Long-Term Debt**

At June 30, 2015, the District had \$31 million in long-term debt outstanding.

**Table 4  
Comparative Schedule of Outstanding Debt  
June 30, 2015 and 2014**

	2015	2014
	<u>2015</u>	<u>2014</u>
General Obligation Bonds	\$ 20,541,575	\$ 16,774,303
Accreted Interest	8,108,655	7,914,592
Capital Lease Obligations	2,265,946	2,333,667
Early Retirement Incentives	19,113	28,514
Compensated Absences	80,405	118,663
Totals	<u>\$ 31,015,694</u>	<u>\$ 27,169,739</u>

The District continues to maintain excellent credit ratings on all of its debt issues, receiving Moody's rating of "A1" and S & P rating of "AA/Stable" on the 2014 General Obligation Bonds.

The long-term debt paid by the District was \$1.2 million in 2015.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The State's economic downturn is a major factor affecting the District's future. The financial well-being of the District is tied in large measure to the state funding formula.

The Local Control Funding Formula (LCFF) is aimed at correcting historical inequities while decreasing previous constraints on restricted program expenses. The formula is intended to make funding more transparent and simple. With the new flexibility also come new requirements for accountability. The Local Control Accountability Plan (LCAP) is mandated and must be aligned and adopted with the District's 2014-2015 budget. The LCAP is expected to describe how the District intends to meet annual goals for all pupils, with specific activities to address state and local priorities identified during the LCAP development process.

The LCFF is the largest unknown for the District. The new funding structure has no statutory cost of living allowance built into it and relies solely on the annual budget process at the legislative level. Planning for the "out years" will be much more difficult and volatile under the LCFF funding formula. The eight years necessary to bring the District to their target funding could be unpredictable and unstable, thereby creating a need for a larger reserve than past years. The ongoing unpredictability of the District's supplemental and concentration funding under the LCFF will also create unstable budgets even after the district's target has been met in 2020-2021.

Future predictions and uncertainties with the changes to the State funding formula require management to plan carefully and prudently to provide the necessary resources to meet student's needs and continue to keep pace with inflation increases over the next several years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Joel Dontos, Bellevue Union Elementary School District, 3150 Education Drive, Santa Rosa, CA 95407, (707) 542-5197.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash (Note 2)	\$ 13,608,275
Accounts Receivable (Note 3)	734,998
Notes Receivable (Note 5)	250,000
Capital Assets, Net of Depreciation (Note 6)	<u>36,467,669</u>
Total Assets	<u>51,060,942</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (NOTE 1H)</b>	
Deferred Pension Expense	<u>960,848</u>
<b>LIABILITIES</b>	
Accounts Payable and Other Current Liabilities	2,033,089
Unearned Revenue (Note 1H)	347,333
Net Pension Liability (Note 12)	11,898,261
Unamortized Bond Premiums (Note 7)	784,290
Long-term Liabilities (Note 11)	
Due Within One Year	1,382,261
Due After One Year	<u>29,633,433</u>
Total Liabilities	<u>46,078,667</u>
<b>DEFERRED INFLOWS OF RESOURCES (NOTE 1H)</b>	
Deferred Earnings on Pension Plan Investments	<u>3,121,143</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	17,321,458
Restricted For:	
Capital Projects	1,494,673
Debt Service	3,216,898
Education Programs	742,716
Other Purposes (Expendable)	170,188
Unrestricted (Deficit)	<u>(20,123,953)</u>
Total Net Position	<u><u>\$ 2,821,980</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
Instruction	\$ 15,803,518	\$ 3,809,211	\$ (11,994,307)
Instruction-Related Services:			
Supervision of Instruction	121,375	121,048	(327)
Instructional Library, Media and Technology	162,613	4,448	(158,165)
School Site Administration	1,107,654	97,622	(1,010,032)
Pupil Services:			
Home-To-School Transportation	621,353	1,376	(619,977)
Food Services	1,025,487	1,060,654	35,167
All Other Pupil Services	897,767	295,298	(602,469)
General Administration:			
Data Processing	8,930		(8,930)
All Other General Administration	1,440,722	69,180	(1,371,542)
Plant Services	1,186,799	85,071	(1,101,728)
Community Services	722,507	655,208	(67,299)
Interest on Long-Term Debt	1,785,236		(1,785,236)
Other Outgo	357,754	185,593	(172,161)
Total Governmental Activities	<u>\$ 25,241,715</u>	<u>\$ 6,384,709</u>	<u>(18,857,006)</u>
General Revenues:			
Property Taxes Levied For:			
General Purposes			6,434,965
Debt Service			2,244,995
Federal and State Aid Not Restricted to Specific Purposes			8,346,498
Interest and Investment Earnings			74,532
Miscellaneous			551,214
Total General Revenues			<u>17,652,204</u>
Change (Decrease) in Net Position			(1,204,802)
Net Position Beginning (Restated - Note 15)			<u>4,026,782</u>
Net Position Ending			<u>\$ 2,821,980</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Bond Interest and Redemption Fund	School Building Bond Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash (Note 2)	\$ 4,578,615	\$ 3,439,708	\$ 3,826,774	\$ 1,502,510	\$ 260,668	\$ 13,608,275
Accounts Receivable (Note 3)	655,947			1,488	77,563	734,998
Due From Other Funds (Note 4)					44,279	44,279
Notes Receivable (Note 5)	250,000					250,000
<b>Total Assets</b>	<b>\$ 5,484,562</b>	<b>\$ 3,439,708</b>	<b>\$ 3,826,774</b>	<b>\$ 1,503,998</b>	<b>\$ 382,510</b>	<b>\$ 14,637,552</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 1,164,548	\$ 222,810	\$ 165,464	\$ 9,331	\$ 162,507	\$ 1,724,660
Unearned Revenue (Note 1H)	337,205				10,128	347,333
Due to Other Funds (Note 4)	44,279					44,279
<b>Total Liabilities</b>	<b>1,546,032</b>	<b>222,810</b>	<b>165,464</b>	<b>9,331</b>	<b>172,635</b>	<b>2,116,272</b>
Fund Balances (Note 1H):						
Nonspendable	2,500				1,000	3,500
Restricted	742,716	3,216,898	3,661,310	1,494,667	169,194	9,284,785
Committed					39,681	39,681
Assigned	50,000					50,000
Unassigned	3,143,314					3,143,314
<b>Total Fund Balances</b>	<b>3,938,530</b>	<b>3,216,898</b>	<b>3,661,310</b>	<b>1,494,667</b>	<b>209,875</b>	<b>12,521,280</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,484,562</b>	<b>\$ 3,439,708</b>	<b>\$ 3,826,774</b>	<b>\$ 1,503,998</b>	<b>\$ 382,510</b>	<b>\$ 14,637,552</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

Total fund balance - governmental funds \$ 12,521,280

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

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets, at historical cost:	\$	47,941,171	
Accumulated depreciation:		(11,473,502)	
Net:			36,467,669

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was: (308,429)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds	\$	20,541,575	
Accreted interest		8,108,655	
Net pension liability		11,898,261	
Early retirement incentives		19,113	
Compensated absences		80,405	
Capital lease obligations		2,265,946	
Total		<u>42,913,955</u>	(42,913,955)

Unamortized premiums: In governmental funds, if debt is issued at a premium, the premium is recognized as Other Financing Sources in the period it is incurred. In the government-wide statements, the premium is amortized as a reduction in annual interest expense over the life of the debt. Unamortized premium at year-end was: (784,290)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	\$	960,848	
Deferred inflows of resources relating to pensions		(3,121,143)	
Net:			(2,160,295)

Total net position - governmental activities \$ 2,821,980

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Bond Interest and Redemption Fund	School Building Bond Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Local Control Funding						
Formula Sources						
State Apportionments	\$ 8,048,321					\$ 8,048,321
Local Sources	6,187,363					6,187,363
<b>Total Local Control Funding</b>						
Formula Sources	14,235,684					14,235,684
Federal Revenue	2,584,175	\$ 185,593			\$ 937,029	3,706,797
Other State Revenue	1,464,526	15,439			80,011	1,559,976
Other Local Revenue	1,597,049	2,483,340	\$ 15,194	\$ 255,790	81,790	4,433,163
<b>Total Revenues</b>	19,881,434	2,684,372	15,194	255,790	1,098,830	23,935,620
<b>EXPENDITURES</b>						
Certificated Salaries	8,197,305					8,197,305
Classified Salaries	2,354,338				161,100	2,515,438
Employee Benefits	3,125,193				46,461	3,171,654
Books and Supplies	951,022				140,972	1,091,994
Services and Other						
Operating Expenditures	6,300,672		20,255	12,674	618,859	6,952,460
Capital Outlay	459,925		534,376	343,303	182,253	1,519,857
Debt Service:						
Principal Retirement	67,721	432,728				500,449
Interest and Fiscal Charges	112,372	1,426,915				1,539,287
Other Outgo	335,193			22,561		357,754
<b>Total Expenditures</b>	21,903,741	1,859,643	554,631	378,538	1,149,645	25,846,198
Excess of Revenues Over (Under) Expenditures	(2,022,307)	824,729	(539,437)	(122,748)	(50,815)	(1,910,578)
Other Financing Sources (Uses):						
Other Sources		203,393	4,200,000			4,403,393
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(2,022,307)	1,028,122	3,660,563	(122,748)	(50,815)	2,492,815
Fund Balances (Restated-Note 16) - July 1, 2014	5,960,837	2,188,776	747	1,617,415	260,690	10,028,465
Fund Balances - June 30, 2015	\$ 3,938,530	\$ 3,216,898	\$ 3,661,310	\$ 1,494,667	\$ 209,875	\$ 12,521,280

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds \$ 2,492,815

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

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period was:

	Expenditures for capital outlay:	\$ 1,556,023	
	Depreciation expense:	<u>(834,120)</u>	
	Net:		721,903

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium were: (4,200,000)

Debt premiums: In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as a reduction in the annual interest expense over the life of the debt. Premiums on debt issued was: (467,800)

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (53,879)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,192,721

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: (966,061)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 38,258

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONCLUDED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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<p>Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. This year, expenses incurred for early retirement incentives were:</p>	9,401
<p>Amortization of debt issue premium: In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period was:</p>	<u>27,840</u>
<p>Total change (decrease) in net position - governmental activities</p>	<u>\$ (1,204,802)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash (Note 2)	\$ 30,053
Total Assets	<u>\$ 30,053</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 30,053
Total Liabilities	<u>\$ 30,053</u>
Total Net Position	<u>\$ 0</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Bellevue Union Elementary School District, this includes general operations, food service and student related activities of the District. The District has considered all potential component units in determining how to define the reporting entity, using criteria set forth in accounting principles generally accepted in the United States of America. The District determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the district's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current asset and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus and the modified accrual basis of accounting.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Expenditures incurred in the unrestricted resources shall be reduced first from the committed resources, then from assigned resources and lastly, the unassigned resources.

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 positions of the State Teachers Retirement Plan (STRS) and the CalPERS Schools Pool Cost-Sharing Multiple Employer Plan (PERS) and additions to/deductions from STRS and PERS fiduciary net positions have been determined on the same basis as they are reported separately by STRS and PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The District reports the following major funds.

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest and related costs.

School Building Bond Fund was established to account for the expenditures of proceeds from the General Obligation Bonds.

Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981.

Additionally, the District reports the following fund type:

Fiduciary Funds are agency funds used to account for assets of others for which the District acts as an agent. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund and major Special Revenue Funds as required supplementary information in the financial statements.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Concluded)

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Assets, Liabilities and Equity

1. Deposits and Investments

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investments losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the county either are secured by federal depository insurance or are collateralized.

Investments Valuation - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the District's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

2. Prepaid Expenditures

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure in the period expended.

3. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section from deferred outflows of resources. This separate financial section, deferred outflow of resources, represents 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

6. Compensated Absences (Concluded)

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

7. Long-Term Obligations

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

8. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

9. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

10. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the District is bound to honor constraints on how specific amounts are to be spent:

Nonspendable Fund Balance - Includes the portions of fund balance not appropriate for expenditures.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

10. Fund Equity (Continued)

Restricted Fund Balance - Includes amounts subject to externally imposed and legally enforceable constraints.

Committed Fund Balance - Includes amounts subject to District constraints self-imposed by formal action of the District Governing Board.

Assigned Fund Balance - Includes amounts the District intends to use for a specific purpose. Assignments may be established by the Superintendent with recommendation of the Director of Fiscal Services and confirmed by the Governing Board.

Unassigned Fund Balance - Includes the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes.

*Fund Balances*

The District's fund balances at June 30, 2015 consisted of the following:

	General Fund	Bond Interest and Redemption Fund	School Building Bond Fund	Capital Facilities Fund	Other Governmental Funds	Total
Nonspendable:						
Revolving Fund	\$ 2,500				\$ 1,000	\$ 3,500
Total Nonspendable Fund Balance	<u>2,500</u>				<u>1,000</u>	<u>3,500</u>
Restricted For:						
Legally Restricted Categorical Funding	742,716					742,716
Debt Service		\$ 3,216,898				3,216,898
Expenditures allowed by Government						
Code Sections 65970-65981				\$ 1,494,667		1,494,667
Measure J approved projects			\$ 3,661,310			3,661,310
Future Modernization Projects					6	6
Food Service Program					169,188	169,188
Total Restricted Fund Balance	<u>742,716</u>	<u>3,216,898</u>	<u>3,661,310</u>	<u>1,494,667</u>	<u>169,194</u>	<u>9,284,785</u>
Committed For:						
Deferred Maintenance Projects					39,681	39,681
Total Committed Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>39,681</u>	<u>39,681</u>
Assigned For:						
Facility Maintenance	50,000					50,000
Total Assigned Fund Balance	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Unassigned:						
Reserve for Economic Uncertainties	657,112					657,112
Other Unassigned	2,486,202					2,486,202
Total Unassigned Fund Balance	<u>3,143,314</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,143,314</u>
Total Fund Balances	<u>\$ 3,938,530</u>	<u>\$ 3,216,898</u>	<u>\$ 3,661,310</u>	<u>\$ 1,494,667</u>	<u>\$ 209,875</u>	<u>\$ 12,521,280</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

10. Fund Equity (Concluded)

*Fund Balance Policy*

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its General Fund sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 3% of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California. If any level of the 3% is spent, then the District shall reduce expenditures to reestablish the 3% reserve for economic uncertainties.

Additional detailed information, along with the complete *Fund Balance Policy* can be obtained from the District.

11. Local Control Funding Formula/Property Tax

The District's local control funding formula revenue is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Concluded)

11. Local Control Funding Formula/Property Tax (Concluded)

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula sources by the District.

The California Department of Education reduces the District's entitlement by the District local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The District's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

I. Impact of Recently Issued Accounting Principles

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* in June 2012 to amend Statements 27 and 50 and improve accounting and financial reporting by state and local governments for pensions. The Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 69, *Government Combinations and Disposals of Government Operations* in January 2013 to provide guidance for reporting mergers, acquisitions, transfers of operations, and disposals of government operations. The District does not have activities affected by the Standard and therefore the adoption of GASB 69 does not impact the District's financial statements. The Statement is effective beginning in fiscal year 2014-2015.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Impact of Recently Issued Accounting Principles (Continued)

The GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* which amends Statement 68 by requiring that, at transition, a government should recognize a beginning deferred outflow of resources for its pension contributions made after the measurement date of the beginning net pension liability. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 72, *Fair Value Measurement and Application* in February 2015 to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using consistent and accepted valuation techniques. The Statement is effective beginning in fiscal year 2015-2016.

The GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* in June 2015. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The Statement is effective beginning in fiscal year 2015-2016.

The GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* in June 2015. The Statement will require enhanced note disclosures and schedules of required supplementary information that will be presented for other post-employment benefit plans (OPEB) to enhance the decision-usefulness of the financial reports of those OPEB plans. The Statement is effective beginning in fiscal year 2015-2016.

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. The requirements of this Statement will improve the decision-usefulness of financial information and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The Statement is effective beginning in fiscal year 2017-2018.

The GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* superseding Statement No. 55 in June 2015. The GAAP hierarchy consists of the sources of accounting principles used to prepare financial statements in conformity with GAAP and the framework for selecting those principles. As a result of implementing this Standard, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The Statement is effective beginning in fiscal year 2015-2016.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Impact of Recently Issued Accounting Principles (Concluded)

The GASB issued Statement 77, *Tax Abatement Disclosures* in August 2015. The Statement requires disclosure of tax abatement information to make these transactions more transparent to financial statement users. Users will be better equipped to understand how tax abatements affect a government's future ability to raise resources and the impact those abatements have on a government's financial position and economic condition. The Statement is effective beginning in fiscal year 2016-2017.

The Office of Management and Budget issued the guidance *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance for Federal Awards) on December 29, 2013 which supersedes and streamlines requirements from eight different circulars into one document. The new administrative requirements and cost principles are required to be implemented for all federal awards made after December 26, 2014. The Uniform Guidance for Federal Awards will not affect the District until fiscal year 2015-2016 as all 2014-2015 federal awards occurred prior to December 26, 2014.

NOTE 2 - CASH

A. Summary of Cash

The following is a summary of cash at June 30, 2015:

<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<u>\$13,608,275</u>	<u>\$30,053</u>	<u>\$13,638,328</u>

The District had the following cash at June 30, 2015:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Quality Rating</u>
Cash in Commercial Banks	\$ 30,053	\$ 30,053	Not Rated
Cash in Revolving Fund	3,500	3,500	Not Rated
Cash in County Treasury	13,618,988	13,604,775	Not Rated
Total	<u>\$ 13,652,541</u>	<u>\$ 13,638,328</u>	

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 2 - CASH (CONTINUED)

B. Policies and Practices

The District is authorized by State statutes and in accordance with the District's Investment Policy (Policy) to invest in the following:

- Securities issued or guaranteed by the Federal Government or its agencies
- State Local Agency Investment Fund (LAIF)
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The District's investments comply with the established policy.

Cash in Commercial Banks

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation. These amounts are held within various financial institutions. As of June 30, 2015 the carrying amount of the District's accounts was \$33,553, all of which was insured.

Cash in County Treasury

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash with the County Treasury as an involuntary participant of a common investment pool, which totaled \$1,779,550,181. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$1,781,409,279. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

C. Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

**Interest Rate Risk** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - CASH (CONCLUDED)

C. Risk Disclosures (Concluded)

Interest Rate Risk (Concluded) - The District manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

At June 30, 2015 the District had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (InYears)</u>		
		<u>Less than 1</u>	<u>1 to 4</u>	<u>More than 4</u>
County Treasury	<u>\$ 13,618,988</u>	<u>\$ 5,142,530</u>	<u>\$ 8,156,412</u>	<u>\$ 320,046</u>

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Foreign Currency Risk - This is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 consist of the following:

	General Fund	Capital Facilities Fund	Other Governmental Funds	Total
Federal Government				
Categorical Aid Programs	\$ 207,139			\$ 207,139
State Government				
Categorical Aid Programs	65,330			65,330
Lottery	137,980			137,980
Other			\$ 77,563	77,563
Total State Government	203,310		77,563	280,873
Local Government	245,366			245,366
Miscellaneous	132	\$ 1,488		1,620
Total Accounts Receivable	<u>\$ 655,947</u>	<u>\$ 1,488</u>	<u>\$ 77,563</u>	<u>\$ 734,998</u>

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2015, interfund receivables and payables were as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund		\$ 44,279
Non-Major Governmental Funds:		
Deferred Maintenance Fund	\$ 44,279	
Total	<u>\$ 44,279</u>	<u>\$ 44,279</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - INTERFUND TRANSACTIONS (CONCLUDED)

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. There were no interfund transfers for fiscal year 2014-2015.

NOTE 5 - NOTE RECEIVABLE

On July 1, 2013, the District agreed to loan Stony Point Academy \$250,000 to help support start-up costs for the new Charter School. The Stony Point Academy will be applying for a start-up grant and revolving loan from the State of California. If either is granted, the District will be repaid with those funds. If the applications for these funding sources are not approved, the District will be repaid starting on July 1, 2016 in the amount of \$50,000, July 1, 2017, \$100,000 and July 1, 2018, \$100,000. Although this note is expected to be repaid in full, the note balance has been reported in the fund financial statements as a nonspendable component of June 30, 2015 General Fund Balance as it is not expected to be repaid during fiscal year 2015-2016. The District will not charge interest.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, is shown below:

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 3,949,772	\$ 366,625		\$ 4,316,397
Work in progress	376,259	772,667	\$ 43,221	1,105,705
Total capital assets, not being depreciated	<u>4,326,031</u>	<u>1,139,292</u>	<u>43,221</u>	<u>5,422,102</u>
Capital assets being depreciated:				
Buildings	35,213,198			35,213,198
Improvements of sites	6,489,939	18,846		6,508,785
Equipment	355,980	441,106		797,086
Total capital assets, being depreciated	<u>42,059,117</u>	<u>459,952</u>	<u>0</u>	<u>42,519,069</u>
Less accumulated depreciation for:				
Buildings	8,632,010	514,395		9,146,405
Improvements of sites	1,786,313	272,654		2,058,967
Equipment	221,059	47,071		268,130
Total accumulated depreciation	<u>10,639,382</u>	<u>834,120</u>	<u>0</u>	<u>11,473,502</u>
Total capital assets, being depreciated, net	<u>31,419,735</u>	<u>(374,168)</u>	<u>0</u>	<u>31,045,567</u>
Governmental activities capital assets, net	<u>\$ 35,745,766</u>	<u>\$ 765,124</u>	<u>\$ 43,221</u>	<u>\$ 36,467,669</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Instruction	\$	734,025
Instruction-related Services		50,048
Food Services		50,047
		<hr/>
Total	\$	<u><u>834,120</u></u>

NOTE 7 - UNAMORTIZED BOND PREMIUMS

The District sold each series of the 2011 General Obligation Bonds and 2014 General Obligation Bonds at a net premium of \$382,580 and \$467,800, respectively. The premiums are being amortized using the straight-line method over the life of the related bond issue as a reduction in annual interest expense. The unamortized bond premium is reported in the liability section of the Government-Wide Statement of Net Position. The annual amortization of the bond premiums is as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2016	\$ 27,840
2017	27,840
2018	27,840
2019	27,840
2020	27,840
2021-2025	139,202
2026-2030	139,202
2031-2035	139,202
2036-2040	139,202
2040-2045	88,282
	<hr/>
Totals	\$ <u><u>784,290</u></u>

NOTE 8 - BONDED DEBT

On June 3, 2014, the District received authorization from its voters to issue \$12 million of General Obligation Bonds. The first series was issued on November 13, 2014 in the amount of \$4,200,000. The bonds were issued to finance capital projects for the District.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - BONDED DEBT (CONCLUDED)

A. The outstanding general obligation bonded debt of the Bellevue Union Elementary School District at June 30, 2015 is:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 01, 2014	Redeemed Current Year	Issued Current Year	Outstanding June 30, 2015
1997	5.1-5.8	2021	\$ 4,393,374	\$ 2,534,297	\$ 313,601		\$ 2,220,696
2000	5.4-6.3	2024	2,976,210	2,447,438	119,127		2,328,311
2009	4.25-7.0	2033	6,500,000	6,290,000			6,290,000
2011	5.00	2028	4,350,000	4,350,000			4,350,000
2011	11.41	2035	378,528	378,528			378,528
2011	6.94-7.25	2041	774,040	774,040			774,040
2014	3.0-5.0	2045	4,200,000	0		\$ 4,200,000	4,200,000
Total			<u>\$ 23,572,152</u>	<u>\$ 16,774,303</u>	<u>\$ 432,728</u>	<u>\$ 4,200,000</u>	<u>\$ 20,541,575</u>

Accreted Interest

Series	Interest Rate	Maturity Date	Outstanding July 1, 2014	Accretion Current Year	Payments Current Year	Outstanding June 30, 2015
1997	5.1-5.8	2021	\$ 4,024,878	\$ 362,006	\$ 506,399	\$ 3,880,485
2000	5.4-6.3	2024	3,583,749	395,718	185,873	3,793,594
2011	11.41	2035	138,708	60,700		199,408
2011	6.94-7.25	2041	167,257	67,911		235,168
Totals			<u>\$ 7,914,592</u>	<u>\$ 886,335</u>	<u>\$ 692,272</u>	<u>\$ 8,108,655</u>

B. The annual requirements to amortize the general obligation bonds payable are as follows:

Year Ended June 30	Principal	Interest	Total
2016	\$ 438,286	\$ 1,494,964	\$ 1,933,250
2017	1,329,551	1,575,424	2,904,975
2018	609,559	1,658,441	2,268,000
2019	653,091	1,756,327	2,409,418
2020	696,419	1,847,137	2,543,556
2021-2025	4,197,098	10,760,857	14,957,955
2026-2030	7,825,000	2,223,319	10,048,319
2031-2035	1,192,731	3,774,235	4,966,966
2036-2040	1,657,725	4,069,775	5,727,500
2041-2045	1,942,115	1,948,748	3,890,863
Total	<u>\$ 20,541,575</u>	<u>\$ 31,109,227</u>	<u>\$ 51,650,802</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - CAPITAL LEASE OBLIGATIONS

The District entered into a capital lease agreement with City National Bank with an original cost of \$2,442,810 to install solar equipment at each school site. Title to the property will pass to the District upon expiration of the lease period.

Future minimum lease payments are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Lease Payment</u>
2016	\$ 186,272
2017	192,630
2018	199,167
2019	205,887
2020	212,791
2021-2025	1,053,802
2026-2030	<u>1,228,608</u>
Total payments	3,279,157
Less amounts representing interest	<u>(1,013,210)</u>
Present value of net minimum lease payments	<u>\$ 2,265,947</u>

The energy savings are estimated to be \$150,000 to \$125,000 per year for the life of the equipment. Additionally, the District will receive a rebate from PG&E for the first five years of approximately \$154,000. The first payment was received in June, 2011. The District received \$144,548 in 2014-2015.

NOTE 10 - EARLY RETIREMENT INCENTIVE PROGRAMS

- A. During the 2008-2009 fiscal year, the District adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees had five or more years of service under the State Teachers' Retirement System (STRS) and retired during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District. Certificated employees who had reached the age of 55 and had at least one year of CalSTRS service were eligible to participate.

The District's future obligation to fund the plan for two retirees is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>
2016	\$ 9,556
2017	<u>9,557</u>
	<u>\$19,113</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 10 - EARLY RETIREMENT INCENTIVE PROGRAMS (CONCLUDED)

B. During 2013-2014 the District added a retirement incentive to be offered annually to the contract with certificated employees. The incentive is available to certificated employees who have thirteen (13) or more years of service with the District and who are not less than age 55 or more than age 64 on or before the effective date of their retirement. For the 2014-2015 school year only, the incentive will be available to any eligible employees without limitation. Beginning in year 2014-2015, the incentive will be limited to three (3) eligible employees each school year. If more than three (3) employees apply, applicants will be chosen by seniority.

There are two (2) retirement options offered under this program, a cash payment or health benefits until the unit member reaches the age of 65. Employees may choose one or a combination of these two (2) options. The maximum District cost per retiree shall be based on a sliding scale according to the following chart, determined by the age of the participant on the effective date of retirement.

<u>Retirement Age</u>	<u>Total Program Allowance</u>
Between 55 and 55 and 11 months	\$60,000
Between 56 and 56 and 11 months	\$55,000
Between 57 and 57 and 11 months	\$50,000
Between 58 and 58 and 11 months	\$45,000
Between 59 and 59 and 11 months	\$40,000
Between 60 and 60 and 11 months	\$35,000
Between 61 and 64 and 11 months	\$30,000

Seven (7) eligible certificated employees accepted this retirement package for a cost to the District of \$323,000 which was paid in 2014-2015.

NOTE 11 - LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2015, is shown below.

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 16,774,303	\$ 4,200,000	\$ 432,728	\$ 20,541,575	\$ 438,286
Accreted Interest	7,914,592	886,335	692,272	8,108,655	776,714
Capital Lease Obligations	2,333,667		67,721	2,265,946	77,300
Early Retirement Incentives	28,514		9,401	19,113	9,556
Compensated Absences	118,663		38,258	80,405	80,405
Totals	<u>\$ 27,169,739</u>	<u>\$ 5,086,335</u>	<u>\$ 1,240,380</u>	<u>\$ 31,015,694</u>	<u>\$ 1,382,261</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 11 - LONG-TERM DEBT (CONCLUDED)

The compensated absences and early retirement incentives will be paid by the General Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments of the capital lease obligations will be from rebates and energy costs savings.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (STRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

*Pension Plan Fiduciary Net Position.* The plans fiduciary net positions disclosed in this report may differ from the plan assets reported in the funding actuarial valuations reported due to several reasons. First, for the accounting valuations, items such as deficiency reserves, fiduciary self-insurance and OPEB expense are included in fiduciary net positions. These amounts are excluded for rate setting purposes in the funding actuarial valuations. In addition, differences may result from early closing and final reconciled reserves.

A. State Teachers' Retirement System (STRS)

*Plan Description.* The Bellevue Union Elementary School District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The State of California is a Nonemployer Contributing Entity to STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. Although CalSTRS is the administrator of the STRS, the state is the sponsor of the STRS and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRS. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California 95610.

*Benefit.* STRS provides defined benefit program benefits under two formulas: 2% at 60 for members hired on or before December 31, 2012 and 2% at 62 for members hired after that date. Both formulas define hire as the date at which the member was hired to perform service that could be creditable to CalSTRS. The benefit under each formula is calculated as 2% per year of creditable service. The 2% at 60 formula uses final compensation to calculate the benefit. The 2% at 62 formula uses an average of the highest compensation for three consecutive years to calculate the benefit.

*Funding Policy.* Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. State Teachers' Retirement System (STRS) (Continued)

*Funding Policy (Concluded).* Active plan members are required to contribute 8.15% of their salary and the Bellevue Union Elementary School District and the State are required to contribute actuarially determined rates. The actuarial methods and assumptions used for determining the rates are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25% and for fiscal year 2014-2015 8.88% of annual payroll. The required State contribution rate for fiscal year 2014-2015 was 5.68%. The Bellevue Union Elementary School District's contributions to STRS for the fiscal years ending June 30, 2015, 2014 and 2013 were \$691,134, \$609,795, and \$575,391, respectively, and equal 100% of the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2015 the District reported a liability of \$9,934,290 for its proportionate share of the net pension liability for STRS. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on a projection of the District's and the State of California's (non-employer contributing entity) long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2014, the District's proportion of contributions was 0.0170 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,106,171 which included the State's required on-behalf contribution. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	-	-
Changes in Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 2,446,300
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to measurement date of June 30, 2014	\$ 691,134	-
Totals	<u>\$ 691,134</u>	<u>\$ 2,446,300</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. State Teachers' Retirement System (STRS) (Continued)

*Actuarial Assumptions.* The total pension liability for STRS was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment rate of return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series table adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance –PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on Board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the Board.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. State Teachers' Retirement System (STRS) (Concluded)

*Actuarial Assumptions (Concluded).* Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash/Liquidity	1%	0.00%

\* 10-year geometric average

*Discount Rate.* The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming the contributions, benefit payments, and administrative expense occurred midyear. Based on those assumptions, the STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payment to determine the total pension liability.

Presented below is the District's proportionate share of the net pension liability of employers and the state using the current discount rate of 7.60 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one to three percent lower or one to three percent higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability of Employers</u>
3% Decrease (4.60%)	\$ 30,349,250
2% Decrease (5.60%)	22,197,410
1% Decrease (6.60%)	15,484,960
Current Discount Rate (7.60%)	9,934,290
1% Increase (8.60%)	5,306,040
2% Increase (9.60%)	1,417,120
3% Increase (10.60%)	(1,863,030)

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. California Public Employees Retirement System (CalPERS)

*Plan Description.* The Bellevue Union Elementary School District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Room 1820, Sacramento, CA 95814.

*Funding Policy.* Active plan members were required to contribute 6.974% of their salary and the Bellevue Union Elementary School District was required to contribute an actuarially annually determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2013-2014 was 11.442% and for fiscal year 2014-2015 11.771% of annual payroll. The contribution requirements of the plan members are established by State statute. The Bellevue Union Elementary School District's employer contributions to CalPERS for the fiscal year ending June 30, 2015, 2014 and 2013 were \$269,714, \$202,376 and \$193,641, respectively and equal 100% of the required contributions for each year.

*Benefits.* CalPERS provides defined benefit program benefits based on members' years of service, age, final compensation and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2015, the District reported a liability of \$1,963,971 for its proportionate share of the net pension liability for CalPERS. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2014, the District's proportion of contributions was 0.0173 percent.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. California Public Employees Retirement System (CalPERS) (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded).* For the year ended June 30, 2015, the District recognized pension expense of \$269,714. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	-	-
Changes in Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 674,843
Changes in proportion and differences between District contributions and proportionate share of contributions		
District contributions subsequent to measurement date of June 30, 2014	\$ 269,714	-
Totals	<u>\$ 269,714</u>	<u>\$ 674,843</u>

*Actuarial Assumptions.* For the year ended June 30, 2014, the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

CalPERS uses a mortality table based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. California Public Employees Retirement System (CalPERS) (Concluded)

*Discount Rate.* The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool.

The following presents the net pension liability of the Plan as of June 30, 2014, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

<u>Discount Rate</u>	<u>Plan's Net Pension Liability</u>
1% Decrease (6.50%)	\$ 3,435,630
Current Discount Rate (7.50%)	1,954,035
1% Increase (8.50%)	716,010

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>New Strategic Asset Class</u>	<u>Real Return Allocation</u>	<u>Real Return Years 1-10<sup>1</sup></u>	<u>Years 11+<sup>2</sup></u>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Cash/Liquidity	2%	(0.55)%	(1.05)%

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security.

D. On Behalf Payment

The District was recipients of on-behalf payments made by the State of California to the State Teachers Retirement System (STRS). These payments consist of State general fund contributions of \$415,037 to STRS (5.68% of salaries subject to STRS).

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is a defendant in a lawsuit filed by the Burbank Housing Development Corporation, challenging certain school facilities fees (also known as "developer fees") that were agreed to by contract in 1996. These fees were imposed as a condition of ever developing certain parcels, and were intended to allow the parcels to be subdivided into small lots, upon condition that the subdivide would pay fees to both Bellevue Union School District and Santa Rosa High School District (which share fees at issue). Both entities are defendants in this lawsuit. The District's attorneys, have been preparing an initial legal response on behalf of both Districts. They believe that the Districts have a reasonable chance of prevailing in the lawsuit, which is scheduled to go to trial in March, 2016. It is not known at this time how much such funds are at risk.

B. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

C. Joint Ventures

The District is a member of the Redwood Empire Schools Insurance Group (RESIG) and the West County Transportation Agency. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The RESIG JPA arranges for and/or provides for property liability and workers compensation coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 17 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District contracted with Redwood Empire School's Insurance Group (RESIG) Insurance for property and liability insurance coverage and for theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant change in coverage from the prior year.

B. Workers' Compensation

For fiscal year 2014, the District participated in the Redwood Empire School's Insurance Group (RESIG), an insurance purchasing pool. The intent of the RESIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the RESIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the RESIG.

Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the RESIG. Participation in the RESIG is limited to districts that can meet the RESIG selection criteria.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 2, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Control Funding Formula Sources:				
State Apportionments	\$ 8,531,143	\$ 8,658,213	\$ 8,048,321	\$ (609,892)
Local Sources	<u>5,360,092</u>	<u>5,804,826</u>	<u>6,187,363</u>	<u>382,537</u>
Total Local Control Funding Formula Sources	13,891,235	14,463,039	14,235,684	(227,355)
Federal Revenue	2,727,958	3,398,447	2,584,175	(814,272)
Other State Revenue	849,244	1,292,359	1,464,526	172,167
Other Local Revenue	<u>1,413,166</u>	<u>1,461,476</u>	<u>1,597,049</u>	<u>135,573</u>
Total Revenues	<u>18,881,603</u>	<u>20,615,321</u>	<u>19,881,434</u>	<u>(733,887)</u>
<b>EXPENDITURES</b>				
Certificated Salaries	7,750,551	8,425,979	8,197,305	228,674
Classified Salaries	2,117,525	2,357,285	2,354,338	2,947
Employee Benefits	2,640,708	2,739,402	3,125,193	(385,791)
Books and Supplies	815,126	1,229,717	951,022	278,695
Services and Other				
Operating Expenditures	5,316,418	6,925,274	6,300,672	624,602
Capital Outlay	383,855	459,964	459,925	39
Debt Service:				
Principal Retirement	67,721	67,721	67,721	
Interest and Fiscal Charges	112,372	112,372	112,372	
Other Outgo	<u>334,278</u>	<u>335,193</u>	<u>335,193</u>	
Total Expenditures	<u>19,538,554</u>	<u>22,652,907</u>	<u>21,903,741</u>	<u>749,166</u>
Excess of Revenues Over (Under) Expenditures	(656,951)	(2,037,586)	(2,022,307)	15,279
Fund Balances - July 1, 2014	<u>5,447,169</u>	<u>5,960,837</u>	<u>5,960,837</u>	<u>0</u>
Fund Balances - June 30, 2015	<u>\$ 4,790,218</u>	<u>\$ 3,923,251</u>	<u>\$ 3,938,530</u>	<u>\$ 15,279</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**California State Teachers' Retirement System (CalSTRS)**

	<u>2015</u>
District's proportion of the net pension liability	0.0170%
District's proportionate share of the net pension liability	\$ 9,934,290
District's covered-employee payroll	\$ 7,166,888
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	139%
Plan fiduciary net position as a percentage of the total pension liability	77%

**Public Employee Retirement System (CalPERS)**

District's proportion of the net pension liability	0.0173%
District's proportionate share of the net pension liability	\$ 1,963,971
District's covered-employee payroll	\$ 1,885,925
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	104%
Plan fiduciary net position as a percentage of the total pension liability	83%

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULES OF THE DISTRICT CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	<u>2015</u>
<b><u>California State Teachers' Retirement System (CalSTRS)</u></b>	
Contractually required contribution	\$ 609,795
Contributions in relation to the contractually required contribution	<u>609,795</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 7,391,454</u>
Contributions as a percentage of covered-employee payroll	<u>8.250%</u>
<b><u>Public Employee Retirement System (CalPERS)</u></b>	
Contractually required contribution	\$ 202,376
Contributions in relation to the contractually required contribution	<u>202,376</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 1,768,712</u>
Contributions as a percentage of covered-employee payroll	<u>11.442%</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONCLUDED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - PURPOSE OF SCHEDULES

A. Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Excess of expenditures over appropriations in individual governmental funds at June 30, 2015 were as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Major Governmental Funds:	
General Fund	
Employee Benefits	\$ 385,791

The District did not revise the General Fund budget for the STRS pension expense covered by State of California direct payments.

B. Schedules of District's Proportionate Share of the Net Pension Liability

These schedules present information on the District's portion of the Net Pension Liability of CalSTRS and the Net Pension Liability of CalPERS in compliance with GASB 68.

These will be 10-year schedules. However, this is the first year of implementation of GASB 68 and the information in these schedules is not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

C. Schedules of District Contributions

These schedules provide information about the District's required and actual contributions to CalSTRS and CalPERS during the year.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONCLUDED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - PURPOSE OF SCHEDULES (CONCLUDED)

C. Schedules of District Contributions (Concluded)

These will be 10-year schedules. However, this is the first year of implementation of GASB 68 and the information in these schedules is not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

SUPPLEMENTARY INFORMATION SECTION

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SANTA ROSA, CALIFORNIA

JUNE 30, 2015

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ORGANIZATION

The Bellevue Union Elementary School District was established in 1949. The District is in Santa Rosa, California. There was no change in District boundaries during the year. The District operates four elementary schools.

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Lisa Reyes	President	December, 2018
Sharon Ligon	Vice-President	December, 2016
Victor Ayala	Trustee	December, 2018
Yvonne Kennedy	Trustee	December, 2016
Victor Merrida-Grant	Trustee	December, 2018

ADMINISTRATION

Alicia Henderson  
District Superintendent  
Board Secretary

Joel Dontos  
Director of Business Services

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Elementary</u>	<u>Second Period</u>	<u>Annual Report</u>
Regular ADA		
Transitional Kindergarten through Third	765	765
Fourth through Sixth	569	569
Extended Year Special Education		
Transitional Kindergarten through Third	2	2
Fourth through Sixth	1	1
Special Education - Nonpublic, Nonsectarian Schools		
Fourth through Sixth	3	3
ADA Totals	<u>1,340</u>	<u>1,340</u>

KAWANA ACADEMY ARTS AND SCIENCE

	<u>Second Period Report</u>		<u>Annual Report</u>
	<u>Original</u>	<u>Revised</u>	
Regular ADA			
Transitional Kindergarten through Third	222	219	220
Fourth through Sixth	166	168	167
ADA Totals	<u>388</u>	<u>387</u>	<u>387</u>

The Kawana Academy of Arts and Sciences (Charter School) operates a classroom-based program for grades kindergarten through sixth. None of the attendance reported is non-classroom based.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>Minutes Requirement As Reduced</u>	<u>2014-2015 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	35,000	56,350	176	In Compliance
Grade 1	50,400	49,000	52,830	176	In Compliance
Grade 2	50,400	49,000	52,830	176	In Compliance
Grade 3	50,400	49,000	52,830	176	In Compliance
Grade 4	54,000	52,500	52,830	176	In Compliance
Grade 5	54,000	52,500	52,830	176	In Compliance
Grade 6	54,000	52,500	52,830	176	In Compliance

Districts that participate in Longer Day Incentive Funding or that met or exceed their local control funding formula target, must provide at least the number of instructional minutes specified in Education Code Section 46201(b) or 46207(a), shown as the minutes requirement above.

For the 2014-2015 school year, a school district may reduce up to five days of instruction or equivalent number of minutes without incurring penalties pursuant to Education Code Sections 46201.2(b) and 46207(c).

KAWANA ACADEMY OF ARTS AND SCIENCES

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>Minutes Requirement As Reduced</u>	<u>2014-2015 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	34,971	56,350	176	In Compliance
Grade 1	50,400	48,960	52,830	176	In Compliance
Grade 2	50,400	48,960	52,830	176	In Compliance
Grade 3	50,400	48,960	52,830	176	In Compliance
Grade 4	54,000	52,457	52,830	176	In Compliance
Grade 5	54,000	52,457	52,830	176	In Compliance
Grade 6	54,000	52,457	52,830	176	In Compliance

Charter Schools must maintain their instructional minutes at the levels required by Education Code Section 47612.5, reduced pursuant to the provisions of Education Code Section 46201.2(b) for the 2014-2015 school year.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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The District has granted charters to two charter schools, Kawana Academy of Arts and Sciences (CDS Code 49 70615 6051593) and Stony Point Academy (CDS Code 49 70615 0127665).

The financial activities for the Kawana Academy of Arts and Sciences are included in the District's audited financial statements within the General Fund. The Financial activities for the Stony Point Academy are not included in the District's audited financial statements.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Expenditures
Program Name:			
U.S. Department of Agriculture:			
Passed through the California			
Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch (Sec 4 and Sec 11)	10.555*	13523/13524	\$ 636,986
School Breakfast Needy	10.553*	13526	257,333
Subtotal Child Nutrition Cluster			894,319
Child Nutrition: NSLP Equipment Assistance Grants	10.579	14906	19,903
Fresh Fruits and Vegetable Program	10.582	14968	22,807
Total U.S. Department of Agriculture			937,029
U.S. Department of Education:			
Passed through CDE:			
Special Education Cluster:			
IDEA, Basic Local Assistance, Part B, Section 611	84.027*	13379	286,197
IDEA, Preschool Local Entitlements Part B, Section 611	84.027A*	13682	27,817
IDEA, Preschool Grants	84.173*	13430	20,025
Subtotal Special Education Cluster			334,039
English Language Acquisition Cluster:			
NCLB: Title III, Limited English Proficient (LEP) Student Program	84.365	14346	128,432
NCLB (ESEA): Title III, Immigrant Education Program	84.365	15146	5,087
Subtotal English Language Acquisition Cluster			133,519
NCLB - Title I, Part A, Basic Grants Low Income and Neglected	84.010*	14329	622,342
NCLB: Title I, School Improvement Grant	84.377	14971	1,247,862
NCLB: Title II, Part A, Teacher Quality	84.367	14341	93,946
Total U.S. Department of Education			2,431,708
U.S. Department of Health and Human Services:			
Medi-Cal Billing Option	93.778*	10013	152,467
Total U.S. Department of Health and Human Services			152,467
Total Federal Programs			\$ 3,521,204

\* Denotes a Major Program

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	Bond Interest and Redemption Fund
June 30, 2015, Annual Unaudited Actual Financial Report Fund Balance	<u>\$ 2,986,111</u>
Adjustments and Reclassifications Increasing (Decreasing) the Fund Balance:	
Understatement of Bond Sinking Fund Deposits	453,597
Overstatement of Other Local Revenue	<u>(222,810)</u>
Net Adjustments and Reclassifications	<u>230,787</u>
June 30, 2015, Audited Financial Statement Fund Balance	<u><u>\$ 3,216,898</u></u>

Auditor's Comment

The audited financial statements for all other funds were in agreement with the Unaudited Actual Financial Report for the year ended June 30, 2015.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			
	2015-2016	2014-2015	2013-2014	2012-2013
<u>General Fund</u>				
Revenues and Other Financial Sources	\$ 19,953,184	\$ 19,881,434	\$ 18,039,799	\$ 18,043,807
Expenditures	19,925,888	21,903,741	18,603,292	17,759,116
Change in Fund Balance (Deficit)	27,296	(2,022,307)	(563,493)	284,691
Ending Fund Balance	\$ 4,007,557	\$ 3,938,530	\$ 5,960,837	\$ 6,524,330
Available Reserves	\$ 3,609,748	\$ 3,143,314	\$ 4,575,497	\$ 5,555,559
Reserve for Economic Uncertainties	\$ 600,000	\$ 657,112	\$ 558,098	\$ 532,774
Unassigned Fund Balance	\$ 3,009,748	\$ 2,486,202	\$ 4,017,399	\$ 5,022,785
Available Reserves as a Percentage of Total Outgo	18.1%	14.4%	24.6%	31.3%
Total Long-Term Debt	\$ 29,633,433	\$ 31,015,694	\$ 27,169,739	\$ 27,361,327
Average Daily Attendance at P-2	1,722	1,727	1,731	1,698

The General Fund balance has decreased \$2,301,109 during the past three years. For a District this size, the State recommends available reserves of at least 3% of total expenditures, transfers out and other uses (total outgo). Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

Total long-term debt increased by \$3,654,367 over the last two years primarily due to the issuance of \$4.2 million of general obligation bonds in 2014-2015.

Average daily attendance has increased 33 ADA during the past two years.

The amounts reported as Budget 2015-2016 are presented for additional analysis and have not been audited.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR FUNDS  
 JUNE 30, 2015

	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash	\$ 102,910	\$ 157,752	\$ 6	\$ 260,668
Accounts Receivable	77,563			77,563
Due From Other Funds		44,279		44,279
	<u>180,473</u>	<u>202,031</u>	<u>6</u>	<u>382,510</u>
Total Assets	<u>\$ 180,473</u>	<u>\$ 202,031</u>	<u>\$ 6</u>	<u>\$ 382,510</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 157	\$ 162,350		\$ 162,507
Deferred Revenue	10,128			10,128
	<u>10,285</u>	<u>162,350</u>		<u>172,635</u>
Total Liabilities	<u>10,285</u>	<u>162,350</u>		<u>172,635</u>
Fund Balances:				
Nonspendable	1,000			1,000
Restricted	169,188		\$ 6	169,194
Committed		39,681		39,681
	<u>170,188</u>	<u>39,681</u>	<u>6</u>	<u>209,875</u>
Total Fund Balances	<u>170,188</u>	<u>39,681</u>	<u>6</u>	<u>209,875</u>
Total Liabilities and Fund Balances	<u>\$ 180,473</u>	<u>\$ 202,031</u>	<u>\$ 6</u>	<u>\$ 382,510</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>				
Federal Revenue	\$ 937,029			\$ 937,029
Other State Revenue	80,011			80,011
Other Local Revenue	36,599	\$ 45,190	\$ 1	81,790
<b>Total Revenues</b>	<b>1,053,639</b>	<b>45,190</b>	<b>1</b>	<b>1,098,830</b>
<b>EXPENDITURES</b>				
Classified Salaries	161,100			161,100
Employee Benefits	46,461			46,461
Books and Supplies	140,972			140,972
Services and Other Operating Expenditures	618,859			618,859
Capital Outlay	19,903	162,350		182,253
<b>Total Expenditures</b>	<b>987,295</b>	<b>162,350</b>	<b>0</b>	<b>1,149,645</b>
Excess of Revenues Over (Under) Expenditures	66,344	(117,160)	1	(50,815)
Fund Balances - July 1, 2014	103,844	156,841	5	260,690
Fund Balances - June 30, 2015	\$ 170,188	\$ 39,681	\$ 6	\$ 209,875

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS - STUDENT BODY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance <u>July 01, 2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2015</u>
<b>BELLEVUE SCHOOL</b>				
<u>ASSETS</u>				
Cash	\$ 15,989	\$ 41,598	\$ 46,171	\$ 11,416
<u>LIABILITIES</u>				
Due to Student Groups	\$ 15,989	\$ 41,598	\$ 46,171	\$ 11,416
<b>MEADOW VIEW SCHOOL</b>				
<u>ASSETS</u>				
Cash	\$ 5,910	\$ 13,205	\$ 14,730	\$ 4,385
<u>LIABILITIES</u>				
Due to Student Groups	\$ 5,910	\$ 13,205	\$ 14,730	\$ 4,385
<b>KAWANA SCHOOL</b>				
<u>ASSETS</u>				
Cash	\$ 4,909	\$ 9,930	\$ 12,308	\$ 2,531
<u>LIABILITIES</u>				
Due to Student Groups	\$ 4,909	\$ 9,930	\$ 12,308	\$ 2,531
<b>KAWANA - OUTDOOR EDUCATION</b>				
<u>ASSETS</u>				
Cash	\$ 5,044	\$ 5,438	\$ 4,924	\$ 5,558
<u>LIABILITIES</u>				
Due to Student Groups	\$ 5,044	\$ 5,438	\$ 4,924	\$ 5,558
<b>TAYLOR MOUNTAIN SCHOOL</b>				
<u>ASSETS</u>				
Cash	\$ 9,129	\$ 26,177	\$ 29,143	\$ 6,163
<u>LIABILITIES</u>				
Due to Student Groups	\$ 9,129	\$ 26,177	\$ 29,143	\$ 6,163
<b>TOTAL AGENCY FUNDS</b>				
<u>ASSETS</u>				
Cash	\$ 40,981	\$ 96,348	\$ 107,276	\$ 30,053
<u>LIABILITIES</u>				
Due to Student Groups	\$ 40,981	\$ 96,348	\$ 107,276	\$ 30,053

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

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NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time and number of days offered by the District and each applicable charter school and whether the District complied with the provisions of Education Code Sections 46201 through 46208 and also whether the Charter School(s) complied with the provisions of Education Code Sections 47612 and 47612.5. The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day, and has not met its local control funding formula target.

C. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

D. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Federal revenue reported in the Bond Interest and Redemption Fund includes \$185,593 of Qualified School Construction Bond Interest subsidy payments which are exempt from the OMB A-133 scope, and have been excluded from this schedule.

E. Reconciliation of Unaudited Actuals Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Unaudited Actuals Financial Report to the audited financial statements.

F. Schedule of Financial Trends and Analysis

This schedule is presented to improve the evaluation and reporting of the going concern status of the District.

G. Combining Statements and Individual Fund Schedules

Combining statements and individual fund schedules are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements and schedules present more detailed information about the financial position and financial activities of the District's individual funds.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

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

Board of Trustees  
Bellevue Union Elementary School District  
Santa Rosa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America 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, each major fund, and the aggregate remaining fund information of Bellevue Union Elementary School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Bellevue Union Elementary School District's basic financial statements and have issued our report thereon dated December 2, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bellevue Union Elementary School District's, internal control over financial reporting (internal control) to determine the audit procedures that are 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 Union Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bellevue Union Elementary School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bellevue Union Elementary 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Bellevue Union Elementary School District's Responses to Findings**

Bellevue Union Elementary School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bellevue Union Elementary School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

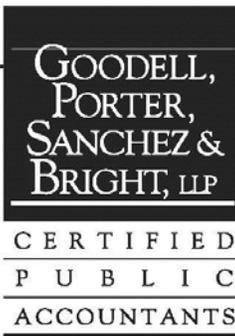
### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Goodell, Porter, Sanchez, & Bright, LLP*

GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

December 2, 2015



JOHN L. GOODELL, CPA  
VIRGINIA K. PORTER, CPA  
BEVERLY A. SANCHEZ, CPA  
SUZY H. BRIGHT, CPA  
RICHARD J. GOODELL, CPA  
MICHELLE M. HANSON, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees  
Bellevue Union Elementary School District  
Santa Rosa, California

**Report on Compliance for Each Major Federal Program**

We have audited Bellevue Union Elementary School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bellevue Union Elementary School District's major federal programs for the year ended June 30, 2015. Bellevue Union Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bellevue Union Elementary School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Bellevue Union Elementary School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in the internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-002 to be a significant deficiency.

Bellevue Union Elementary School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Bellevue Union Elementary School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

  
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

December 2, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Trustees  
Bellevue Union Elementary School District  
Santa Rosa, California

We have audited Bellevue Union Elementary School District's compliance with the types of compliance requirements described in the *2014-2015 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of Bellevue Union Elementary School District's State government programs as noted below for the year ended June 30, 2015.

**Management's Responsibility**

Management is responsible for compliance with the requirements of State laws and regulations.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance with State laws and regulations of Bellevue Union Elementary School District's State government programs based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2014-2015 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the applicable State laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Bellevue Union Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of Bellevue Union Elementary School District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools:</b>	
Attendance	Yes
Teacher Certification and Mis-assignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see next page)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes

<u>Description</u>	<u>Procedures Performed</u>
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Not Applicable
Regional Occupational Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Not Applicable
<b>School Districts, County Office of Education and Charter Schools:</b>	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
<b>Charter Schools:</b>	
Attendance	Yes
Mode of Instruction	Yes
Non Classroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Non Classroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

Procedures were not performed for Independent Study attendance because the average daily attendance generated by the program was below the level required for testing.

**Opinion on Each State Government Program**

In our opinion, Bellevue Union Elementary School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its State government programs for the year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2014-2015 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which are described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004 and 2015-005. Our opinion on State government programs is not modified with respect to these matters.

**Bellevue Union Elementary School District's Response to Findings**

Bellevue Union Elementary School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs/responses. Bellevue Union Elementary 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 it.

**Purpose of this Report**

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2014-2015 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

*Goodell, Porter, Sanchez, & Bright, LLP*  
 GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
 Certified Public Accountants

December 2, 2015

FINDINGS AND QUESTIONED COSTS SECTION

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133?  Yes  No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.010	NCLB - Title I, Part A, Basic Grants Low Income and Neglected
84.027, 84.027A, 84.173	Special Education Cluster
93.778	Medi-Cal Billing Option

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

*State Awards*

Internal control over state programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for state programs: Unqualified

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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**Section II - Financial Statements Findings**

2015 - 001 - CONTROLS FOR PROCESSING JOURNAL ENTRIES - 30000

Criteria: Proper internal accounting controls include segregation of duties that require journal entries are reviewed by someone other than the person creating the entry, knowledgeable about accounting principles prior to entry to the general ledger.

Statement of Condition: Journal entries created and posted by the CBO are not reviewed by a second knowledgeable person.

Questioned Costs: The condition referred to above was the result of our testing of an attribute of the control system.

Cause: The District does not have a policy requiring secondary review of journal entries.

Effect or Potential Effect: Without a review and approval for each journal entry, there is an increased risk that an inappropriate entry may be recorded to the District's general ledger either by mistake or intentionally, and not be detected by a District employee performing their regular duties.

Recommendation: The review of each entry by a second knowledgeable person should be documented. A copy of each entry should be printed, and filed with supporting documentation attached.

District Response: The District agrees with and will implement the recommendation of the auditor.

**Section III - Federal Award Findings and Questioned Costs**

2015 - 002 - PERSONNEL ACTIVITY REPORTS - 50000

Federal Agency: US Department of Agriculture  
Pass-Through Entity: California Department of Education  
Federal Program: Child Nutrition Cluster  
CFDA Number: 10.553, 10.555

Federal Agency: US Department of Education  
Pass-Through Entity: California Department of Education  
Federal Program: IDEA, Special Education, Basic Local Assistance  
CFDA Number: 84.027

Federal Agency: US Department of Education  
Pass-Through Entity: California Department of Education  
Federal Program: NCLB: Title I, Part A, Basic Grant Low Income and Neglected  
CFDA Number: 84.010

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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**Section III - Federal Award Findings and Questioned Costs (Continued)**

2015 - 002 - PERSONNEL ACTIVITY REPORTS - 50000 (CONTINUED)

Criteria: Office of Management and Budget (OMB) Circular A-87 states that if employees are paid with federal funds, they must maintain Personnel Activity Report (PARS) that identifies the specific federal program on which they worked for a certain percentage of time. Employees working solely on a single federal program are generally required to maintain periodic certifications, in which the employee or supervisor attest every six months that the employee worked on a single federal program. Employees working on multiple federal programs (or federal and non-federal programs) are required to maintain monthly personnel activity reports.

Statement of Condition: To test the District's compliance with the program requirement for employee time keeping, we selected employees with time charged to major programs and determined the following for employees working in the District's Child Nutrition, Special Education and Title I Programs:

1. Cafeteria program manager did not prepare PARS for 2014-15.
2. Program manager obtained and approved PARS for employees for the entire year in December, 2014 by approving a semi- annual PARS through December and a semi-annual PARS through June, 2015. The PARS covering the time through June, 2015 was completed and approved by the Manager in advance of the work being performed. Additionally, cafeteria program manager approving the PARS in December was not the Program Manager during time covered by the PARS, thereby certifying time during which they were not the supervisor.
3. For multi-funded employees semi-annual PARS were completed, rather than monthly PARS.

Questioned Costs: Based on our review of employee records, and our inquiry of District employees and management, we were able to satisfy ourselves the personnel costs charged to federal programs for 2014-2015 are allowable.

Cause: The District does not have a policy in place where employees charged with federal funds are required to maintain a Personnel Activity Report or periodic certifications as required by federal guidelines.

Effect or Potential Effect: By not obtaining adequate support for Personnel Activity Reports, it is difficult for the District to document the employee time charged is an allowable program expense.

Recommendation: We recommend each employee with any portion of their salary charged to a federal program complete personnel Activity Reports as required by the OMB Circular A-87. The report should be completed at least every six months for employees working in a single program and monthly for multi-funded employees and any time there is a change to the employees schedule or duties. PARS should not be completed or approved in advance of the work being performed and each PARS should be reconciled to the time charged to each program for each employee.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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**Section III - Federal Award Findings and Questioned Costs (Concluded)**

2015 - 002 - PERSONNEL ACTIVITY REPORTS - 50000 (CONCLUDED)

District Response: The District agrees with and will implement the recommendation of the auditor.

**Section IV - State Award Findings and Questioned Costs**

2015 - 003 - INSTRUCTIONAL TIME - 40000

Criteria: Districts that participate in Longer Day Incentive Funding or that met or exceed their local control funding formula target, must provide at least the number of instructional minutes specified in Education Code Section 46201(b) or 46207(a). For the 2014-2015 school year, a school district may reduce up to five days of instruction or equivalent number of minutes without incurring penalties pursuant to Education Code Sections 46201.2(b) and 46207(c).

Statement of Condition: The District incurred emergency closures on December 11th and 12th and did not apply for an Attendance Waiver. The District did not recalculate instructional time that excludes the two (2) emergency closure days.

Questioned Costs: There is not a cost questioned as a result of this finding since the recalculated instructional time exceeded the reduced minutes requirement.

Cause: District procedures do not include monitoring actual instructional time throughout the year to account for all changes from the original calendar of instructional time.

Effect or Potential Effect: Changes made to the instructional days and daily instructional minutes during the year could result in the District incurring significant penalties for not meeting the required instructional time thresholds.

Recommendation: We recommend the District regularly review the instructional days and instructional time for all school sites and programs throughout the year. Recalculated instructional time should be compared to the required thresholds and corrections made when a shortfall is determined.

District Response: The District agrees with and will implement the recommendation of the auditor.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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**Section IV – State Award Findings and Questioned Costs (Continued)**

**2015 – 004 – CHARTER SCHOOLS: ATTENDANCE REPORTING - 10000**

Criteria: *Education Code* Section 41601 States: Each charter school shall report to the Superintendent of Public Instruction during each fiscal year the average daily attendance of the district for all full school attendance months during the period between July 1 and April 15, inclusive to be known as the "second period" [better known as P-2] report.

Statement of Condition: We reviewed the Charter School's supporting documentation for P-2 average daily attendance (ADA) reported to the California Department of Education and determined the Charter School reported apportionment attendance through March 13, 2015. The Charter School did not include the four-week period of March 16, 2015, to April 10, 2015. Increasing days of apportionment attendance 5,664 and days of instruction 15 for the omitted month resulted in an overstatement of one (1) ADA.

Questioned Costs: The average daily attendance (ADA) reported for P-2 was under reported by one (1) ADA, which consists of an overstatement of three (3) ADA for grades TK through third and understated of two (2) ADA for grades fourth through sixth. The Charter School's floor entitlement for 2014-2015 was \$7,011 and \$7,116 for grades TK through third and fourth through sixth, respectively per ADA. Questioned costs are estimated to be \$6,801.

Cause: The Charter School's procedures for processing monthly attendance required an earlier cut-off to ensure the report of P-2 attendance was completed and submitted by the due date.

Effect or Potential Effect: The Charter School did not report the correct average daily attendance for the second period of attendance.

Recommendation: We recommend the Charter School review the current attendance reporting procedures and make changes to allow monthly attendance information for all school sites to be compiled and reported to the CDE that includes the correct reporting period and is filed in a timely manner. We also recommend the Charter School recalculate attendance for the proper P-2 cut-off period and submit a revised Report of Attendance.

District Response: The District agrees with and will implement the recommendation of the auditor.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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**Section IV - State Award Findings and Questioned Costs (Concluded)**

2015 - 005 - CHARTER SCHOOLS: ANNUAL INSTRUCTIONAL MINUTES-CLASSROOM  
BASED - 40000

Criteria: Charter Schools must maintain their instructional minutes at the levels required by Education Code Section 47612.5, reduced pursuant to the provisions of Education Code Section 46201.2(b) for the 2014-2015 school year.

Statement of Condition: The District incurred emergency closures on December 11th and 12th and did not apply for Attendance Waiver. The District did not recalculate instructional time that excludes the two (2) emergency closure days.

Questioned Costs: There is not a cost questioned as a result of this finding since the recalculated instructional time exceeded the reduced minutes requirement.

Cause: District procedures do not include monitoring actual instructional time throughout the year to account for all changes from the original calendar of instructional time.

Effect or Potential Effect: Changes made to the instructional days and daily instructional minutes during the year could result in the District incurring significant penalties for not meeting the required instructional time thresholds.

Recommendation: We recommend the District regularly review the instructional days and instructional time for all school sites and programs throughout the year. Recalculated instructional time should be compared to the required thresholds and corrections made when a shortfall is determined.

District Response: The District agrees with and will implement the recommendation of the auditor.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

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2014 - 001: An inventory list should be compiled of maintenance tools and equipment. Items disposed of should be deleted from the list and new tools or equipment acquired should be added. An annual inventory should be conducted to verify the existence of the inventoried items. Differences noted during the annual inventory should be followed up in a timely manner.

Current Status:

Accepted  
Implemented