

BETTENDORF COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2019

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Bettendorf Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Adam Holland	President	2021
Richard Lynch	Vice President	2021
Paul Castro	Board Member	2019
Andrew Champion	Board Member	2021
Michael Pyevich	Board Member	2019
Gordon Staley	Board Member	2019
Stacey Struck	Board Member	2019
School Officials		
Mike Raso	Superintendent	2019
Colleen Skolrood	Board Secretary	2019
David Farmer	Board Treasurer	2019
Dallon Christensen	Director of Finance (Resigned April 2019)	2019
Brietta Collier	Director of Finance (Hired June 2019)	2019
Lane & Waterman LLP	Attorney	2019

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Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Bettendorf Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bettendorf Community School District, Bettendorf, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bettendorf Community School District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 15 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bettendorf Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2020 on our consideration of Bettendorf Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's 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 Bettendorf Community School District's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

January 13, 2020
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bettendorf Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2019 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$49,503,885 in fiscal year 2018 to \$52,321,212 in fiscal year 2019, while General Fund expenditures increased from \$49,433,158 in fiscal year 2018 to \$50,683,972 in fiscal year 2019. The overall result was an increase in the District's General Fund balance from \$11,523,262 at June 30, 2018 to \$13,160,502 at June 30, 2019, a 14.21% increase from the prior year.
- The increase in General Fund revenues was mainly due to increases in local source revenue received compared to the prior year. The increase in expenditures was due primarily to increased negotiated salaries and benefits.
- The District's total net position increased from \$62,073,415 as of June 30, 2018, to \$65,041,907 at June 30, 2019. Total revenues increased from \$61,182,887 in fiscal year 2018 to \$62,765,558 in fiscal year 2019, a 2.59% increase, while total expenses decreased from \$59,829,433 in fiscal year 2018 to \$59,797,066 in fiscal year 2019, a 0.05% decrease compared to the prior year. The increase in revenues was primarily due to an increase in property tax revenues during the year. Expenses remained relatively unchanged from the prior year.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

Figure A-1
Bettendorf Community School District Annual Financial Report

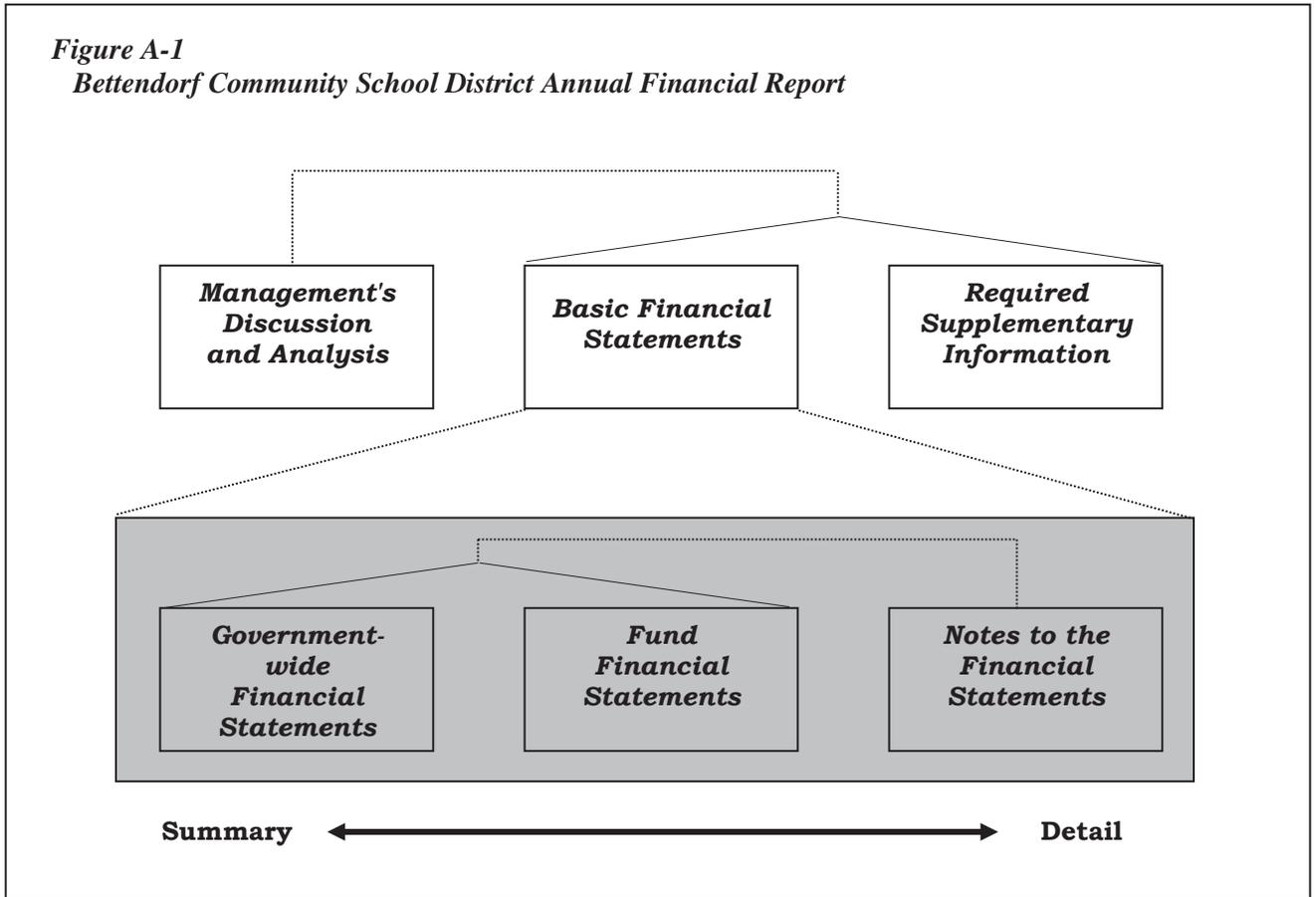


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District's Internal Service Fund, another type of proprietary fund, is the same as its governmental activities but provides more detail and additional information, such as cash flows. The Internal Service Fund is used to track the self-funded insurance of the District.

The required financial statements for the proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Private Purpose Trust Fund.

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

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

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

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2019 compared to June 30, 2018.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2019	2018	2019	2018	2019	2018	2018-19
Current and other assets	\$ 70,846,036	53,793,107	1,098,982	942,359	71,945,018	54,735,466	31.44%
Capital assets	77,466,771	60,622,150	24,986	30,159	77,491,757	60,652,309	27.76%
Total assets	<u>148,312,807</u>	<u>114,415,257</u>	<u>1,123,968</u>	<u>972,518</u>	<u>149,436,775</u>	<u>115,387,775</u>	<u>29.51%</u>
Deferred outflows of resources	6,899,755	7,797,913	124,129	145,605	7,023,884	7,943,518	-11.58%
Long-term liabilities	57,977,706	31,633,225	518,113	566,901	58,495,819	32,200,126	81.66%
Other liabilities	11,058,390	7,546,503	53,279	46,747	11,111,669	7,593,250	46.34%
Total liabilities	<u>69,036,096</u>	<u>39,179,728</u>	<u>571,392</u>	<u>613,648</u>	<u>69,607,488</u>	<u>39,793,376</u>	<u>74.92%</u>
Deferred inflows of resources	21,781,507	21,450,902	29,757	13,600	21,811,264	21,464,502	1.62%
Net position:							
Net investment in capital assets	60,578,141	60,622,150	24,986	30,159	60,603,127	60,652,309	-0.08%
Restricted	13,085,145	11,656,212	-	-	13,085,145	11,656,212	12.26%
Unrestricted	(9,268,327)	(10,695,822)	621,962	460,716	(8,646,365)	(10,235,106)	15.52%
Total net position	<u>\$ 64,394,959</u>	<u>61,582,540</u>	<u>646,948</u>	<u>490,875</u>	<u>65,041,907</u>	<u>62,073,415</u>	<u>4.78%</u>

The District's total net position increased by 4.78%, or \$2,968,492, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$1,428,933, or 12.26% from the prior year. The increase was primarily the result of the increase in the amount restricted for school infrastructure as compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$1,588,741, or 15.52%. This increase in unrestricted net position was primarily a result of the increase in the unassigned fund balance of the General Fund.

The District's deficit unrestricted net position in the governmental activities is due to GASB Statement No. 68 net pension liability and related deferred outflow and inflow reporting requirements.

Figure A-4 shows the changes in net position for the year ended June 30, 2019 compared to the year ended June 30, 2018.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2019	2018	2019	2018	2019	2018	2018-19
Revenues:							
Program revenues:							
Charges for service	\$ 7,222,382	7,377,974	854,206	867,011	8,076,588	8,244,985	-2.04%
Operating grants, contributions and restricted interest	4,664,186	4,637,842	1,132,218	1,095,243	5,796,404	5,733,085	1.10%
Capital grants, contributions and restricted interest	125,000	125,000	-	-	125,000	125,000	0.00%
General revenues:							
Property tax	21,024,379	19,875,840	-	-	21,024,379	19,875,840	5.78%
Statewide sales, services and use tax	4,206,659	3,848,833	-	-	4,206,659	3,848,833	9.30%
Unrestricted state grants	23,279,973	23,150,333	-	-	23,279,973	23,150,333	0.56%
Nonspecific program federal grants	14,094	13,918	-	-	14,094	13,918	1.26%
Unrestricted investment earnings	117,100	81,366	-	-	117,100	81,366	43.92%
Other	124,727	108,601	634	926	125,361	109,527	14.46%
Total revenues	<u>60,778,500</u>	<u>59,219,707</u>	<u>1,987,058</u>	<u>1,963,180</u>	<u>62,765,558</u>	<u>61,182,887</u>	<u>2.59%</u>
Program expenses:							
Instruction	37,061,232	37,168,976	-	-	37,061,232	37,168,976	-0.29%
Support services	15,961,815	16,240,330	149	783	15,961,964	16,241,113	-1.72%
Non-instructional programs	21,019	22,260	1,752,606	1,722,155	1,773,625	1,744,415	1.67%
Other expenses	5,000,245	4,674,929	-	-	5,000,245	4,674,929	6.96%
Total expenses	<u>58,044,311</u>	<u>58,106,495</u>	<u>1,752,755</u>	<u>1,722,938</u>	<u>59,797,066</u>	<u>59,829,433</u>	<u>-0.05%</u>
Excess of revenues over expenses	2,734,189	1,113,212	234,303	240,242	2,968,492	1,353,454	119.33%
Transfers	78,230	19,595	(78,230)	(19,595)	-	-	0.00%
Change in net position	2,812,419	1,132,807	156,073	220,647	2,968,492	1,353,454	119.33%
Net position beginning of year	61,582,540	60,449,733	490,875	270,228	62,073,415	60,719,961	2.23%
Net position end of year	<u>\$ 64,394,959</u>	<u>61,582,540</u>	<u>646,948</u>	<u>490,875</u>	<u>65,041,907</u>	<u>62,073,415</u>	<u>4.78%</u>

In fiscal year 2019, property tax and unrestricted state grants account for 72.89% of the revenue from governmental activities while charges for service and operating grants account for 99.97% of the revenue from business type activities.

The District's total revenues were approximately \$62.77 million of which approximately \$60.78 million was for governmental activities and approximately \$1.99 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.59% increase in revenues and a 0.05% decrease in expenses. The increase in revenue was primarily due to an increase in property tax revenue received compared to the prior year. The decrease in expenses is primarily due to a decrease in the support services expenses incurred compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$60,778,500 and expenses were \$58,044,311 for the year ended June 30, 2019.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2019 compared to those expenses for the year ended June 30, 2018.

	Total Cost of Services			Net Cost of Services		
	2019	2018	Change 2018-19	2019	2018	Change 2018-19
Instruction	\$ 37,061,232	37,168,976	-0.29%	27,119,456	27,080,173	0.15%
Support services	15,961,815	16,240,330	-1.71%	15,703,878	15,967,933	-1.65%
Non-instructional programs	21,019	22,260	-5.58%	19,337	20,105	-3.82%
Other expenses	5,000,245	4,674,929	6.96%	3,190,072	2,897,468	10.10%
Total	<u>\$ 58,044,311</u>	<u>58,106,495</u>	<u>-0.11%</u>	<u>46,032,743</u>	<u>45,965,679</u>	<u>0.15%</u>

For the year ended June 30, 2019:

- The cost financed by users of the District's programs was \$7,222,382.
- Federal and state governments along with contributions from local sources subsidized certain programs and projects with grants and contributions totaling \$4,789,186.
- The net cost of governmental activities was financed with \$21,024,379 in property tax, \$4,206,659 in statewide sales, services and use tax, \$23,279,973 in unrestricted state grants, \$14,094 in nonspecific program federal grants, \$117,100 in interest income, and \$124,727 in other general revenues.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2019 were \$1,987,058, representing a 1.22% increase from the prior year, and expenses were \$1,752,755, representing a 1.73% increase from the prior year. The District's business type activities include the School Nutrition. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$35,701,028, compared to last year's ending combined fund balances of \$21,873,437. The primary reason for the increase in combined fund balances is due to the increase in ending fund balance of the Capital Projects Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The fund balance of the General Fund increased from \$11,523,262 at June 30, 2018 to \$13,160,502 at June 30, 2019. Increases during the year in local source revenues resulted in an increase in total revenues. The increased revenue was enough to offset the increase in expenditures resulting in an increase in the District's General Fund balance by 14.21%, or \$1,637,240.

- The Capital Projects Fund balance increased from \$3,942,588 at June 30, 2018 to \$16,640,648 at June 30, 2019. Expenditures increased compared to the prior year, primarily due to spending for construction projects around the District. During the year, the District issued \$27,380,000 in Revenue Bonds.
- The Management Levy Fund balance decreased from \$5,905,927 at June 30, 2018 to \$5,358,918 at June 30, 2019. Revenues decreased during the year primarily due to a decrease in local tax revenues. Expenditures decreased from the prior year primarily due to decreases in the instruction functional area. Overall, the fund balance decreased by \$547,009, to a June 30, 2019 fund balance of \$5,358,918.

Proprietary Fund Highlights

The net position of the Enterprise: School Nutrition Fund increased from a net position of \$490,875 at June 30, 2018 to a net position of \$646,948 at June 30, 2019, representing an increase of 31.79%. Total expenses for the year increased while total revenues remained relatively unchanged as compared to the prior year. Total revenues outpaced total expenses resulting in an increase net position.

BUDGETARY HIGHLIGHTS

The District's revenues were \$9,859,495 less than budgeted revenues, a variance of 13.58%. The most significant variance resulted from the District receiving less from state source revenues than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures using realistic projections based from prior year expenditures with a buffer built as to not exceed the annual budget. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had invested approximately \$77.49 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 27.76% from last year. More detailed information about the District's capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$3,180,080.

The original cost of the District's capital assets was \$127,849,335. Governmental activities accounted for \$127,374,935 of this total with the remainder of \$474,400 accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$14,951,315 at June 30, 2019, compared to \$8,010,554 reported at June 30, 2018. This increase was the result of work on a new elementary building and HVAC work in the District.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2019	2018	2019	2018	2019	2018	2018-19
Land	\$ 1,102,422	1,095,812	-	-	1,102,422	1,095,812	0.60%
Construction in progress	14,951,315	8,010,554	-	-	14,951,315	8,010,554	86.65%
Buildings	54,070,387	44,046,335	-	-	54,070,387	44,046,335	22.76%
Land improvements	5,344,792	5,548,764	-	-	5,344,792	5,548,764	-3.68%
Machinery and equipment	1,997,855	1,920,685	24,986	30,159	2,022,841	1,950,844	3.69%
Total	\$ 77,466,771	60,622,150	24,986	30,159	77,491,757	60,652,309	27.76%

Long-Term Debt

At June 30, 2019, the District had \$27,380,000 of total long-term debt outstanding. This represents an increase of 100% over last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had outstanding revenue bonds of \$27,380,000 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Figure A-7		
Outstanding Long-Term Obligations		
	Total District	Total Change
	June 30, 2019	June 30, 2018-19
Revenue bonds	\$ 27,380,000	- 100.00%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The Iowa Legislature set Supplemental State Aid at 2.06% for the 2019-2020 fiscal year. The District will continue to monitor the state of projected funding and adjust spending plans and projections accordingly.
- The District's Certified Enrollment is 4,185.30 for the 2019-2020 fiscal year and 4,171 for the 2020-2021 fiscal year. This is an increase of 85.3 students in 2019-2020 and a decrease of 14.3 students in 2020-2021. The District is not a "growing" district and will continue to monitor staffing and spending accordingly.
- The District issued \$10,000,000 and \$17,380,000 of bonds backed by future revenue from the statewide 1% infrastructure (SAVE) sales tax in July 2018 and June of 2019, respectively. These bond issues financed the construction of Grant Wood Elementary School, the replacement of the HVAC system at Bettendorf High School, and the Mark Twain Elementary School.
- The new Mark Twain Elementary School was completed in November of 2019. A housing developer has contracted to purchase the old Thomas Jefferson Elementary School, which could increase overall District enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brietta Collier, Director of Finance, Bettendorf Community School District, 3311 18th St., Bettendorf, IA 52722.

BETTENDORF COMMUNITY SCHOOL DISTRICT

Basic Financial Statements

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 45,245,653	1,118,948	46,364,601
Receivables:			
Property tax:			
Delinquent	71,512	-	71,512
Succeeding year	20,095,900	-	20,095,900
Accounts	197,562	8,654	206,216
Internal balances	78,230	(78,230)	-
Due from other governments	5,157,179	16,606	5,173,785
Inventories	-	33,004	33,004
Capital assets not being depreciated:			
Land and construction in progress	16,053,737	-	16,053,737
Capital assets, net of accumulated depreciation			
Buildings and land improvements and machinery and equipment	61,413,034	24,986	61,438,020
Total assets	148,312,807	1,123,968	149,436,775
Deferred Outflows of Resources			
Pension related deferred outflows	6,748,242	122,087	6,870,329
OPEB related deferred outflows	151,513	2,042	153,555
Total Deferred Outflows of Resources	6,899,755	124,129	7,023,884
Liabilities			
Accounts payable	4,163,942	14,421	4,178,363
Salaries and benefits payable	5,843,782	1,690	5,845,472
Incurred but not reported claims	1,050,666	-	1,050,666
Unearned revenue	-	37,168	37,168
Long-term liabilities:			
Portion due within one year:			
Termination benefits payable	54,000	-	54,000
Compensated absences	378,411	3,019	381,430
Portion due after one year:			
Revenue bonds	27,380,000	-	27,380,000
Termination benefits payable	86,400	-	86,400
Net pension liability	24,718,452	442,839	25,161,291
Total OPEB liability	5,360,443	72,255	5,432,698
Total liabilities	69,036,096	571,392	69,607,488
Deferred Inflows of Resources			
Unavailable property tax revenue	20,095,900	-	20,095,900
Pension related deferred inflows	1,586,115	28,416	1,614,531
OPEB related deferred inflows	99,492	1,341	100,833
Total deferred inflows of resources	21,781,507	29,757	21,811,264
Net Position			
Net investment in capital assets	60,578,141	24,986	60,603,127
Restricted for:			
Categorical funding	1,168,289	-	1,168,289
Debt service	2,524	-	2,524
Management levy purposes	5,226,618	-	5,226,618
Student activities	538,436	-	538,436
School infrastructure	4,862,322	-	4,862,322
Physical plant and equipment	1,286,956	-	1,286,956
Unrestricted	(9,268,327)	621,962	(8,646,365)
Total net position	\$ 64,394,959	646,948	65,041,907

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 23,961,241	4,859,765	482,105	-	(18,619,371)	-	(18,619,371)
Special	6,835,139	1,238,409	897,630	-	(4,699,100)	-	(4,699,100)
Other	6,264,852	1,070,823	1,393,044	-	(3,800,985)	-	(3,800,985)
	<u>37,061,232</u>	<u>7,168,997</u>	<u>2,772,779</u>	<u>-</u>	<u>(27,119,456)</u>	<u>-</u>	<u>(27,119,456)</u>
Support services:							
Student	2,189,897	-	2,926	-	(2,186,971)	-	(2,186,971)
Instructional staff	841,809	-	14,354	-	(827,455)	-	(827,455)
Administration	6,556,356	-	2,230	-	(6,554,126)	-	(6,554,126)
Operation and maintenance of plant	5,465,011	-	-	125,000	(5,340,011)	-	(5,340,011)
Transportation	908,742	53,385	60,042	-	(795,315)	-	(795,315)
	<u>15,961,815</u>	<u>53,385</u>	<u>79,552</u>	<u>125,000</u>	<u>(15,703,878)</u>	<u>-</u>	<u>(15,703,878)</u>
Non-instructional programs:							
Food service operations	19,337	-	-	-	(19,337)	-	(19,337)
Community service operations	1,682	-	1,682	-	-	-	-
	<u>21,019</u>	<u>-</u>	<u>1,682</u>	<u>-</u>	<u>(19,337)</u>	<u>-</u>	<u>(19,337)</u>
Long-term debt interest	426,942	-	-	-	(426,942)	-	(426,942)
Other expenditures:							
AEA flowthrough	1,810,173	-	1,810,173	-	-	-	-
Depreciation (unallocated)*	2,763,130	-	-	-	(2,763,130)	-	(2,763,130)
	<u>4,573,303</u>	<u>-</u>	<u>1,810,173</u>	<u>-</u>	<u>(2,763,130)</u>	<u>-</u>	<u>(2,763,130)</u>
Total governmental activities	<u>58,044,311</u>	<u>7,222,382</u>	<u>4,664,186</u>	<u>125,000</u>	<u>(46,032,743)</u>	<u>-</u>	<u>(46,032,743)</u>
Business type activities:							
Support services:							
Administration	149	-	-	-	-	(149)	(149)
Non-instructional programs:							
Food service operations	1,752,606	854,206	1,132,218	-	-	233,818	233,818
Total business type activities	<u>1,752,755</u>	<u>854,206</u>	<u>1,132,218</u>	<u>-</u>	<u>-</u>	<u>233,669</u>	<u>233,669</u>
Total	<u>\$ 59,797,066</u>	<u>8,076,588</u>	<u>5,796,404</u>	<u>125,000</u>	<u>(46,032,743)</u>	<u>233,669</u>	<u>(45,799,074)</u>
General Revenues and Transfers:							
Property tax levied for:							
General purposes					\$ 18,395,188	-	18,395,188
Capital outlay					2,629,191	-	2,629,191
Statewide sales, services and use tax					4,206,659	-	4,206,659
Unrestricted state grants					23,279,973	-	23,279,973
Nonspecific program federal revenues					14,094	-	14,094
Unrestricted investment earnings					117,100	-	117,100
Other					124,727	634	125,361
Transfers					78,230	(78,230)	-
Total general revenues and transfers					<u>48,845,162</u>	<u>(77,596)</u>	<u>48,767,566</u>
Change in net position					2,812,419	156,073	2,968,492
Net position beginning of year					61,582,540	490,875	62,073,415
Net position end of year					<u>\$ 64,394,959</u>	<u>646,948</u>	<u>65,041,907</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Capital Projects	Management Levy	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 15,441,253	18,831,623	5,365,953	540,475	40,179,304
Receivables:					
Property tax:					
Delinquent	61,336	8,842	1,334	-	71,512
Succeeding year	15,901,750	2,648,401	1,545,749	-	20,095,900
Accounts	138,828	28,590	1,447	28,697	197,562
Due from other funds	78,230	-	-	651	78,881
Due from other governments	4,823,469	333,710	-	-	5,157,179
Total assets	\$ 36,444,866	21,851,166	6,914,483	569,823	65,780,338
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Due to other funds	\$ 651	-	-	-	651
Accounts payable	1,538,181	2,562,117	9,816	28,863	4,138,977
Salaries and benefits payable	5,843,782	-	-	-	5,843,782
Total liabilities	7,382,614	2,562,117	9,816	28,863	9,983,410
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	15,901,750	2,648,401	1,545,749	-	20,095,900
Fund balances:					
Restricted for:					
Categorical funding	1,168,289	-	-	-	1,168,289
Debt service	-	-	-	2,524	2,524
Management levy purposes	-	-	5,358,918	-	5,358,918
Student activities	-	-	-	538,436	538,436
School infrastructure	-	15,353,692	-	-	15,353,692
Physical plant and equipment	-	1,286,956	-	-	1,286,956
Unassigned	11,992,213	-	-	-	11,992,213
Total fund balances	13,160,502	16,640,648	5,358,918	540,960	35,701,028
Total liabilities, deferred inflows of resources and fund balances	\$ 36,444,866	21,851,166	6,914,483	569,823	65,780,338

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Total fund balances of governmental funds (page 20)		\$ 35,701,028
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		77,466,771
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		3,990,718
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 6,899,755	
Deferred inflows of resources	<u>(1,685,607)</u>	5,214,148
Long-term liabilities, including revenue bonds, termination benefits, compensated absences payable, net pension liability, and total OPEB liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(57,977,706)</u>
Net position of governmental activities (page 18)		<u><u>\$ 64,394,959</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 18,002,561	2,629,191	392,627	-	21,024,379
Tuition	5,736,477	-	-	-	5,736,477
Other	759,153	181,619	32,045	1,068,387	2,041,204
State sources	26,002,788	4,256,419	6,778	-	30,265,985
Federal sources	1,710,455	-	-	-	1,710,455
Total revenues	<u>52,211,434</u>	<u>7,067,229</u>	<u>431,450</u>	<u>1,068,387</u>	<u>60,778,500</u>
Expenditures:					
Current:					
Instruction:					
Regular	22,785,001	817,174	256,610	-	23,858,785
Special	6,610,200	-	2,700	-	6,612,900
Other	5,132,639	-	-	1,048,664	6,181,303
	<u>34,527,840</u>	<u>817,174</u>	<u>259,310</u>	<u>1,048,664</u>	<u>36,652,988</u>
Support services:					
Student	2,137,743	-	22,217	-	2,159,960
Instructional staff	799,916	-	2,700	-	802,616
Administration	6,317,201	132,369	65,564	-	6,515,134
Operation and maintenance of plant	4,118,988	399,193	540,003	123	5,058,307
Transportation	950,429	-	69,328	-	1,019,757
	<u>14,324,277</u>	<u>531,562</u>	<u>699,812</u>	<u>123</u>	<u>15,555,774</u>
Non-instructional programs:					
Food service operations	-	-	19,337	-	19,337
Community service operations	1,682	-	-	-	1,682
	<u>1,682</u>	<u>-</u>	<u>19,337</u>	<u>-</u>	<u>21,019</u>
Capital outlay	-	20,172,948	-	-	20,172,948
Long-term debt:					
Interest and fiscal charges	-	142,842	-	284,100	426,942
Other expenditures:					
AEA flowthrough	1,810,173	-	-	-	1,810,173
Total expenditures	<u>50,663,972</u>	<u>21,664,526</u>	<u>978,459</u>	<u>1,332,887</u>	<u>74,639,844</u>
Excess (Deficiency) of revenues over (under) expenditures	1,547,462	(14,597,297)	(547,009)	(264,500)	(13,861,344)
Other financing sources (uses):					
Proceeds from the sale of real property	-	199,157	-	-	199,157
Proceeds from the sale of equipment	31,548	-	-	-	31,548
Revenue bond issuance	-	27,380,000	-	-	27,380,000
Transfer in	78,230	-	-	303,800	382,030
Transfer out	(20,000)	(283,800)	-	-	(303,800)
Total other financing sources (uses)	<u>89,778</u>	<u>27,295,357</u>	<u>-</u>	<u>303,800</u>	<u>27,688,935</u>
Change in fund balances	1,637,240	12,698,060	(547,009)	39,300	13,827,591
Fund balances beginning of year	11,523,262	3,942,588	5,905,927	501,660	21,873,437
Fund balances end of year	<u>\$ 13,160,502</u>	<u>16,640,648</u>	<u>5,358,918</u>	<u>540,960</u>	<u>35,701,028</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2019

Change in fund balances - total governmental funds (page 22) \$ 13,827,591

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Capital outlay	\$ 20,955,913	
Depreciation expense	(3,174,907)	
Loss on disposal	<u>(936,385)</u>	16,844,621

The Internal Service Fund is used by management to charge the costs of the District's self-funded insurance plan to governmental funds. The change in net position of the Internal Service Fund is reported in the governmental activities. 322,761

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues are as follows (27,380,000)

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 2,871,110

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	88,800	
Compensated absences	(14,168)	
Pension expense	(3,468,312)	
Total OPEB liability and related expenses	<u>(279,984)</u>	<u>(3,673,664)</u>

Change in net position of governmental activities (page 19) \$ 2,812,419

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
	School Nutrition	
Assets		
Current assets:		
Cash and pooled investments	\$ 1,118,948	5,066,349
Accounts receivable	8,654	-
Due from other governments	16,606	-
Inventories	33,004	-
Total current assets	1,177,212	5,066,349
Noncurrent assets:		
Capital assets, net of accumulated depreciation	24,986	-
Total assets	1,202,198	5,066,349
Deferred Outflows of Resources		
Pension related deferred outflows	122,087	-
OPEB related deferred outflows	2,042	-
Total Deferred Outflows of Resources	124,129	-
Liabilities		
Current liabilities:		
Due to other funds	78,230	-
Accounts payable	14,421	24,965
Salaries and benefits payable	1,690	-
Incurred but not reported claims	-	1,050,666
Unearned revenue	37,168	-
Total current liabilities	131,509	1,075,631
Noncurrent liabilities:		
Compensated absences	3,019	-
Net pension liability	442,839	-
Total OPEB liability	72,255	-
Total noncurrent liabilities	518,113	-
Total liabilities	649,622	1,075,631
Deferred Inflows of Resources		
Pension related deferred inflows	28,416	-
OPEB related deferred inflows	1,341	-
Total Deferred Inflows of Resources	29,757	-
Net Position		
Net investment in capital assets	24,986	-
Unrestricted	621,962	3,990,718
Total net position	\$ 646,948	3,990,718

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business Type Activities: Enterprise Funds	Governmental Activities: Internal Service Funds
	School Nutrition	
Operating revenues:		
Local sources:		
Charges for service	\$ 854,206	-
Miscellaneous	634	6,535,048
Total operating revenues	<u>854,840</u>	<u>6,535,048</u>
Operating expenses:		
Support Services:		
Student:		
Services	-	32,949
Supplies	-	6,116
	<u>-</u>	<u>39,065</u>
Administration:		
Services	149	963,020
Other	-	100
	<u>149</u>	<u>963,120</u>
Total support services	<u>149</u>	<u>1,002,185</u>
Non-instructional programs:		
Food service operations:		
Salaries	530,438	-
Benefits	165,164	-
Services	8,484	-
Supplies	1,043,347	-
Depreciation	5,173	-
	<u>1,752,606</u>	<u>-</u>
Other enterprise operations:		
Benefits	-	5,235,195
Total non-instructional programs	<u>1,752,606</u>	<u>5,235,195</u>
Total operating expenses	<u>1,752,755</u>	<u>6,237,380</u>
Operating income (loss)	<u>(897,915)</u>	<u>297,668</u>
Non-operating revenues:		
State sources	14,159	-
Federal sources	1,118,059	-
Interest income	-	25,093
Total non-operating revenues	<u>1,132,218</u>	<u>25,093</u>
Change in net position before other financing sources	234,303	322,761
Other financing uses:		
Transfer out	<u>(78,230)</u>	<u>-</u>
Change in net position	156,073	322,761
Net position beginning of year	<u>490,875</u>	<u>3,667,957</u>
Net position end of year	<u>\$ 646,948</u>	<u>3,990,718</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business Type Activities:	
	Enterprise Funds	Governmental Activities:
	School Nutrition	Internal Service Funds
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 840,131	-
Cash received from miscellaneous	634	6,535,048
Cash payments to employees for services	(705,862)	(5,235,195)
Cash payments to suppliers for goods or services	(890,572)	(957,162)
Net cash provided by (used in) operating activities	<u>(755,669)</u>	<u>342,691</u>
Cash flows from non-capital financing activities:		
Transfer to General Fund	(78,230)	-
Borrowings from General Fund	78,230	-
State grants received	14,159	-
Federal grants received	958,943	-
Net cash provided by non-capital financing activities	<u>973,102</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	-	25,093
Net increase in cash and pooled investments	217,433	367,784
Cash and pooled investments beginning of year	901,515	4,698,565
Cash and pooled investments end of year	<u>\$ 1,118,948</u>	<u>5,066,349</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (897,915)	297,668
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities consumed	147,841	-
Depreciation	5,173	-
Decrease in inventories	3,338	-
Increase in accounts receivable	(8,214)	-
Increase in due from other governments	(1,269)	-
Increase in accounts payable	10,229	18,940
Increase in early retirement benefits payable	-	26,083
Increase in salaries and benefits payable	895	-
Decrease in net pension liability	(54,928)	-
Decrease in deferred outflows of resources	21,476	-
Increase in deferred inflows of resources	16,157	-
Decrease in unearned revenue	(4,592)	-
Increase in compensated absences	189	-
Increase in OPEB liability	5,951	-
Net cash provided by (used in) operating activities	<u>\$ (755,669)</u>	<u>342,691</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2019, the District received \$147,841 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Assets	
Cash and pooled investments	\$ <u>27,258</u>
Liabilities	
Accounts payable	<u>54</u>
Net Position	
Held in trust for scholarships	<u>\$ 27,204</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2019

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 5,199
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	1,000
Supplies	2,415
Total deductions	3,415
Change in net position	1,784
Net position beginning of year	25,420
Net position end of year	\$ 27,204

SEE NOTES TO FINANCIAL STATEMENTS.

BETTENDORF COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(1) Summary of Significant Accounting Policies

Bettendorf Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Bettendorf, Iowa, and an area in Scott County. The District is governed by a Board of Education whose members are elected on a non-partisan basis. Management of the District is appointed and is accountable to the Board of Education.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The Management Levy Fund is used to account for management fund tax levies and for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the self-funded health insurance and dental insurance plan of the District. The Internal Service Fund is charged back to the governmental activities and shown combined in the Statement of Net Position and the Statement of Activities.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2018.

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

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

Capital Assets - Capital assets, which include property, machinery and equipment, and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	5,000
Land improvements	5,000
Intangibles	200,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	5-10 years
Machinery and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

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

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. The compensated absences liability attributable to the business type activities will be paid primarily by the School Nutrition Fund.

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2019, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of \$4,031,979 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard and Poor's Financial Services.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 283,800
Student Activity	General Fund	20,000
General Fund	Enterprise Fund: School Nutrition	78,230
Total		<u>\$ 382,030</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax to the Debt Service Fund was for interest payments on the District's Revenue Bonds.

The transfer from the School Nutrition Fund to the General Fund was to reimburse for indirect costs.

The transfer from the General Fund to the Student Activity Fund was for Athletic Fund equipment.

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables for the year ended June 30, 2019 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise: School Nutrition Fund	\$ 78,230
Student Activity Fund	General Fund	651
Total		<u>\$ 78,881</u>

The Enterprise: School Nutrition Fund is repaying the General Fund for indirect costs paid during the year.

The General Fund is repaying the Student Activity Fund for expenses which should have been paid from the Student Activity Fund and were not repaid before the end of the year.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,095,812	205,767	199,157	1,102,422
Construction in progress	8,010,554	19,792,380	12,851,619	14,951,315
Total capital assets not being depreciated	<u>9,106,366</u>	<u>19,998,147</u>	<u>13,050,776</u>	<u>16,053,737</u>
Capital assets being depreciated:				
Buildings	85,127,688	13,182,486	3,240,337	95,069,837
Land improvements	6,941,088	137,952	13,221	7,065,819
Machinery and equipment	9,111,371	488,947	414,776	9,185,542
Total capital assets being depreciated	<u>101,180,147</u>	<u>13,809,385</u>	<u>3,668,334</u>	<u>111,321,198</u>
Less accumulated depreciation for:				
Buildings	41,081,353	2,423,308	2,505,211	40,999,450
Land improvements	1,392,324	339,822	11,119	1,721,027
Machinery and equipment	7,190,686	411,777	414,776	7,187,687
Total accumulated depreciation	<u>49,664,363</u>	<u>3,174,907</u>	<u>2,931,106</u>	<u>49,908,164</u>
Total capital assets being depreciated, net	<u>51,515,784</u>	<u>10,634,478</u>	<u>737,228</u>	<u>61,413,034</u>
Governmental activities capital assets, net	<u>\$ 60,622,150</u>	<u>30,632,625</u>	<u>13,788,004</u>	<u>77,466,771</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 476,189	-	1,789	474,400
Less accumulated depreciation	446,030	5,173	1,789	449,414
Business type activities capital assets, net	<u>\$ 30,159</u>	<u>(5,173)</u>	<u>-</u>	<u>24,986</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 23,266
Other		52,872
Support Services:		
Student		7,453
Instructional staff		118,674
Administration		44,019
Operation and maintenance of plant		17,171
Transportation		148,322
		<u>411,777</u>
Unallocated depreciation		<u>2,763,130</u>
Total governmental activities depreciation expense		<u>\$ 3,174,907</u>
Business type activities:		
Food service operations		<u>\$ 5,173</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2019 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ -	27,380,000	-	27,380,000	-
Termination benefits	229,200	-	88,800	140,400	54,000
Compensated absences	364,243	378,411	364,243	378,411	378,411
Net pension liability	26,120,785	-	1,402,333	24,718,452	-
Total OPEB liability	4,918,997	441,446	-	5,360,443	-
Total	<u>\$ 31,633,225</u>	<u>28,199,857</u>	<u>1,855,376</u>	<u>57,977,706</u>	<u>432,411</u>
Business type activities:					
Compensated absences	2,830	3,019	2,830	3,019	3,019
Net pension liability	497,767	-	54,928	442,839	-
Total OPEB liability	66,304	5,951	-	72,255	-
Total	<u>\$ 566,901</u>	<u>8,970</u>	<u>57,758</u>	<u>518,113</u>	<u>3,019</u>

Revenue Bonds

Details of the District's June 30, 2019 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Revenue Bond Issued July 25, 2018			Revenue Bond Issued June 18, 2019			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2020	3.03 %	\$ -	303,000	2.54 %	\$ -	457,393	-	760,393	760,393
2021	3.03	1,000,000	303,000	2.54	1,725,000	441,452	2,725,000	744,452	3,469,452
2022	3.03	1,200,000	272,700	2.54	1,600,000	397,637	2,800,000	670,337	3,470,337
2023	3.03	1,200,000	236,340	2.54	1,675,000	356,997	2,875,000	593,337	3,468,337
2024	3.03	1,100,000	199,980	2.54	1,855,000	314,452	2,955,000	514,432	3,469,432
2025-2029		5,500,000	499,950		10,525,000	823,849	16,025,000	1,323,799	17,348,799
Total		<u>\$ 10,000,000</u>	<u>1,814,970</u>		<u>\$ 17,380,000</u>	<u>2,791,780</u>	<u>27,380,000</u>	<u>4,606,750</u>	<u>31,986,750</u>

The District has pledged future statewide sales, services and use tax revenues to repay \$27,380,000 of revenue bonds issued July 2018 and June 2019. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitation of the District. Annual principal and interest payments are expected to require nearly 82% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$31,986,750. For the current year, interest of \$282,800 was paid on the bonds and total statewide sales, services and use tax revenues were \$4,206,659.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Termination Benefits

In prior years the District offered a voluntary early retirement plan to its certified, administrative and classified employees. Eligible employees must have been at least age 55 and have completed 15 years of consecutive full-time service to the District.

The total retirement benefit for eligible employees under the program is \$13,500 deposited into a Health Reimbursement Arrange (HRA) divided into five equal payments to be made over a period of five years. In addition, an amount equivalent to the total of unused sick leave days at \$45 per day was deposited into the HRA on a one-time basis.

At June 30, 2019, the District had obligations to 20 retirees with a total liability of \$140,400. Actual early retirement expenditures for the year ended June 30, 2019 totaled \$88,800.

(7) Pension Plan

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

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

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

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

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

reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2019 were \$2,923,737.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District reported a liability of \$25,161,291 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the District's proportion was 0.397603%, which was a decrease of 0.001999% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$3,505,820. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 137,956	568,686
Changes of assumptions	3,589,414	-
Net difference between projected and actual earnings on IPERS' investments	-	691,352
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	219,222	354,493
District contributions subsequent to the measurement date	2,923,737	-
Total	\$ 6,870,329	1,614,531

\$2,923,737 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2020	\$ 1,769,090
2021	878,539
2022	(232,907)
2023	(53,077)
2024	(29,584)
Total	<u>\$ 2,332,061</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 42,703,767	25,161,291	10,445,761

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2019, the District reported payables IPERS of \$40,475 for legally required District contributions and \$26,969 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	50
Active employees	<u>449</u>
Total	<u><u>499</u></u>

Total OPEB Liability - The District's total OPEB liability of \$5,432,698 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	3.50% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	5.50% initial rate decreasing variably to an ultimate rate of 4.5%

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 4,985,301
Changes for the year:	
Service cost	412,352
Interest	202,409
Changes in assumptions	167,514
Benefit payments	<u>(334,878)</u>
Net changes	<u>447,397</u>
Total OPEB liability end of year	<u>\$ 5,432,698</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 5,007,000	5,432,698	5,904,000

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.50%) or 1% higher (6.50%) than the current healthcare cost trend rates.

	1% Decrease (4.50%)	Healthcare Cost Trend Rate (5.50%)	1% Increase (6.50%)
Total OPEB liability	\$ 4,763,000	5,432,698	6,423,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the District recognized OPEB expense of \$618,637. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 153,555	100,833

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

Year Ended June 30,	Amount
2020	\$ 3,876
2021	3,876
2022	3,876
2023	3,876
2024	3,876
Thereafter	33,342
Total	\$ 52,722

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,810,173 for the year ended June 30, 2019 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Risk Management

The District has a self-funded health and dental insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$50,000 in insured claims for any one covered individual. Settle claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The net position was \$3,990,718 at June 30, 2019. The incurred but not recorded and unpaid claims liability of \$1,050,666 reported in the plan at June 30, 2019 based on the requirements of GASB Statement Number 10 is set up as a liability on the Statement of Net Position.

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

(11) Categorical Funding

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

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2019.

<u>Program</u>	<u>Amount</u>
Gifted and Talented Programs	\$ 267,714
Returning Dropouts and Dropout Prevention	90,367
Teacher Leadership State Aid	547,084
Four-Year-Old Preschool State Aid	196,647
Iowa Early Intervention Block Grant	281
Foster Care / Juvenile Home Advance	2,722
Textbook Aid for Nonpublic Students	8,195
Successful Progression for Early Readers	12,842
Teacher Development Academies	7,514
Professional Development	34,923
Total	<u>\$ 1,168,289</u>

(12) Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position

Reconciliation of certain governmental fund balances to the Statement of Net Position is as follows:

	<u>Net investment in Capital Assets</u>	<u>Statewide Sales, Services and Use Tax</u>	<u>Management Levy</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	15,353,692	5,358,918	11,992,213
Capital assets, net of accumulated depreciation	77,466,771	-	-	-
Revenue bond indebtedness	(16,888,630)	(10,491,370)	-	-
Termination benefits	-	-	(132,300)	(8,100)
Internal service fund balance	-	-	-	3,990,718
Compensated absences	-	-	-	(378,411)
Pension related deferred outflows	-	-	-	6,748,242
Pension related deferred inflows	-	-	-	(1,586,115)
Net pension liability	-	-	-	(24,718,452)
Total OPEB liability	-	-	-	(5,360,443)
OPEB related deferred outflows	-	-	-	151,513
OPEB related deferred inflows	-	-	-	(99,492)
Net position (Exhibit A)	<u>\$ 60,578,141</u>	<u>4,862,322</u>	<u>5,226,618</u>	<u>(9,268,327)</u>

(13) Construction Commitments

The District has entered into various contracts totaling \$25,386,376 for construction projects around the District. As of June 30, 2019, costs of \$14,951,315 had been incurred against these contracts. The balance remaining on these projects will be paid as work on the projects progresses.

(14) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the District were reduced the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Bettendorf	Urban Renewal and Economic Development Projects	\$ 571,715

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2019, this reimbursement amounted to \$282,748.

(15) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

BETTENDORF COMMUNITY SCHOOL DISTRICT

Required Supplementary Information

BETTENDORF COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2019

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 28,802,060	854,840	29,656,900	29,260,440	29,260,440	396,460
Intermediate sources	-	-	-	7,676	7,676	(7,676)
State sources	30,265,985	14,159	30,280,144	40,611,842	40,611,842	(10,331,698)
Federal sources	1,710,455	1,118,059	2,828,514	2,745,095	2,745,095	83,419
Total revenues	<u>60,778,500</u>	<u>1,987,058</u>	<u>62,765,558</u>	<u>72,625,053</u>	<u>72,625,053</u>	<u>(9,859,495)</u>
Expenditures/Expenses:						
Instruction	36,652,988	-	36,652,988	37,654,276	37,654,276	1,001,288
Support services	15,555,774	149	15,555,923	16,152,239	16,152,239	596,316
Non-instructional programs	21,019	1,752,606	1,773,625	2,046,803	2,046,803	273,178
Other expenditures	22,410,063	-	22,410,063	22,469,891	22,469,891	59,828
Total expenditures/expenses	<u>74,639,844</u>	<u>1,752,755</u>	<u>76,392,599</u>	<u>78,323,209</u>	<u>78,323,209</u>	<u>1,930,610</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(13,861,344)	234,303	(13,627,041)	(5,698,156)	(5,698,156)	(7,928,885)
Other financing sources, net	<u>27,688,935</u>	<u>(78,230)</u>	<u>27,610,705</u>	<u>(477,092)</u>	<u>(477,092)</u>	<u>28,087,797</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	13,827,591	156,073	13,983,664	(6,175,248)	(6,175,248)	20,158,912
Balances beginning of year	<u>21,873,437</u>	<u>490,875</u>	<u>22,364,312</u>	<u>26,326,587</u>	<u>26,326,587</u>	<u>(3,962,275)</u>
Balances end of year	<u>\$ 35,701,028</u>	<u>646,948</u>	<u>36,347,976</u>	<u>20,151,339</u>	<u>20,151,339</u>	<u>16,196,637</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2019

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

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

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

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST FIVE YEARS *
REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.397603%	0.399602%	0.402847%	0.403126%	0.402844%
District's proportionate share of the net pension liability	\$ 25,161,291	26,619,000	25,352,000	19,916,000	15,976,000
District's covered payroll	\$ 29,921,613	29,856,000	28,952,000	27,618,000	26,361,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	84.09%	89.16%	87.57%	72.11%	60.60%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contribution	\$ 2,923,737	2,672,000	2,666,000	2,585,000	2,466,000	2,354,000	2,179,000	2,012,000	1,682,000	1,633,000
Contributions in relation to the statutorily required contribution	\$ (2,923,737)	(2,672,000)	(2,666,000)	(2,585,000)	(2,466,000)	(2,354,000)	(2,179,000)	(2,012,000)	(1,682,000)	(1,633,000)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 30,971,790	29,921,613	29,854,423	28,947,368	27,614,782	26,360,582	25,132,641	24,931,846	24,201,439	24,556,391
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2019

Changes of benefit terms:

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

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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

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

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

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

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

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

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
FOR THE LAST TWO YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018
Service cost	\$ 412,352	396,988
Interest cost	202,409	195,675
Changes in assumptions	167,514	(120,999)
Benefit payments	(334,878)	(291,565)
Net change in total OPEB liability	447,397	180,099
Total OPEB liability beginning of year	4,985,301	4,805,202
Total OPEB liability end of year	\$ 5,432,698	4,985,301
Covered-employee payroll	\$ 23,895,000	23,086,647
Total OPEB liability as a percentage of covered-employee payroll	22.74%	21.59%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT

Supplementary Information

BETTENDORF COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Special Revenue		
	Student Activity	Debt Service	Total Nonmajor
Assets			
Cash and pooled investments	\$ 537,951	2,524	540,475
Receivables:			
Accounts	28,697	-	28,697
Due from other funds	651	-	651
Total assets	\$ 567,299	2,524	569,823
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 28,863	-	28,863
Deferred inflows of resources	-	-	-
Fund balances:			
Restricted for:			
Debt service	-	2,524	2,524
Student activities	538,436	-	538,436
Total fund balances	538,436	2,524	540,960
Total liabilities, deferred inflows of resources and fund balances	\$ 567,299	2,524	569,823

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2019

	<u>Special Revenue</u>		
	Student	Debt	Total
	Activity	Service	Nonmajor
Revenues:			
Local sources:			
Other	\$ 1,068,387	-	1,068,387
Expenditures:			
Current:			
Instruction:			
Other	1,048,664	-	1,048,664
Support services:			
Operation and maintenance of plant	123	-	123
Long-term debt:			
Interest and fiscal charges	-	284,100	284,100
Total expenditures	1,048,787	284,100	1,332,887
Excess (Deficiency) of revenues over (under) expenditures	19,600	(284,100)	(264,500)
Other financing sources:			
Transfer in	20,000	283,800	303,800
Change in fund balances	39,600	(300)	39,300
Fund balances beginning of year	498,836	2,824	501,660
Fund balances end of year	\$ 538,436	2,524	540,960

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2019

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 17,472,366	1,359,257	18,831,623
Receivables:			
Property tax:			
Delinquent	-	8,842	8,842
Succeeding year	-	2,648,401	2,648,401
Accounts	28,590	-	28,590
Due from other governments	333,710	-	333,710
Total assets	\$ 17,834,666	4,016,500	21,851,166
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,480,974	81,143	2,562,117
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	2,648,401	2,648,401
Fund balances:			
Restricted for:			
School infrastructure	15,353,692	-	15,353,692
Physical plant and equipment	-	1,286,956	1,286,956
Total fund balances	15,353,692	1,286,956	16,640,648
Total liabilities, deferred inflows of resources and fund balances	\$ 17,834,666	4,016,500	21,851,166

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2019

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	2,629,191	2,629,191
Other	8,327	173,292	181,619
State sources	4,206,659	49,760	4,256,419
Total revenues	<u>4,214,986</u>	<u>2,852,243</u>	<u>7,067,229</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	817,174	817,174
Support services:			
Administration	-	132,369	132,369
Operation and maintenance of plant	-	399,193	399,193
Capital outlay	16,745,788	3,427,160	20,172,948
Long-term debt:			
Interest and fiscal charges	142,842	-	142,842
Total expenditures	<u>16,888,630</u>	<u>4,775,896</u>	<u>21,664,526</u>
Deficiency of revenues under expenditures	(12,673,644)	(1,923,653)	(14,597,297)
Other financing sources (uses):			
Proceeds from the sale of real property	-	199,157	199,157
Revenue bond issuance	27,380,000	-	27,380,000
Transfer out	(283,800)	-	(283,800)
Total other financing sources (uses)	<u>27,096,200</u>	<u>199,157</u>	<u>27,295,357</u>
Change in fund balances	14,422,556	(1,724,496)	12,698,060
Fund balances beginning of year	<u>931,136</u>	<u>3,011,452</u>	<u>3,942,588</u>
Fund balances end of year	<u>\$ 15,353,692</u>	<u>1,286,956</u>	<u>16,640,648</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2019

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Drama	\$ 1,039	54,328	49,566	-	5,801
Debate	4,455	13,429	17,884	-	-
Vocal Music	-	4,913	4,913	-	-
Vocal Music 1	366	6,913	6,813	-	466
Vocal Music 2	5,569	4,941	4,674	-	5,836
Metro Fest	4,225	7,596	11,821	-	-
Instrumental	17,813	51,511	51,017	-	18,307
Winter Guard	365	-	-	-	365
Orchestra	5,986	3,618	2,053	-	7,551
Show Choir	-	71,199	71,182	-	17
Rhythm on the River Bend	2,000	12,906	13,805	-	1,101
Co-Ed Athletics	117,837	91,497	62,797	-	146,537
Misc Club Revenue	10,746	-	-	-	10,746
TRAP League	2,469	-	-	-	2,469
Sports Uniforms	6,875	10,728	12,342	-	5,261
Boy's Basketball	-	20,359	20,359	-	-
Boy's Football	-	36,082	51,082	15,000	-
Boy's Soccer	-	17,753	17,753	-	-
Boy's Baseball	-	13,705	13,705	-	-
Baseball Fund Raiser	2,875	428	-	-	3,303
Boy's Track	-	19,606	19,606	-	-
Boys CR County	-	2,649	2,649	-	-
Boy's Tennis	-	8,079	8,079	-	-
Boy's Golf	-	4,586	4,486	-	100
Boy's Swimming	-	7,246	7,246	-	-
Boy's Bowling	-	3,930	3,907	-	23
Boy's Wrestling	-	35,846	40,846	5,000	-
Girl's Basketball	-	15,040	15,040	-	-
Girl's Volleyball	-	18,826	18,826	-	-
Girl's Soccer	-	10,242	10,242	-	-
Girl's Softball	-	12,883	12,883	-	-
Girl's Track	-	13,214	13,214	-	-
Girls CR County	-	5,825	5,825	-	-
Girl's Tennis	-	6,447	6,447	-	-
Girl's Golf	-	5,597	5,597	-	-
Girl's Swimming	-	12,469	12,469	-	-
Girl's Bowling	-	3,930	3,907	-	23
FCCLA	291	502	475	-	318
GSA Club	391	623	-	-	1,014
Golf Outing	8,670	10,702	11,756	-	7,616
Health Club	172	-	-	-	172
Interest	1,034	1,942	1,034	-	1,942
Arts Education	6,309	1,794	1,548	-	6,555
Amicus	422	5,474	5,213	-	683
Honors English	-	175	-	-	175
FBLA	6,390	18,909	20,701	-	4,598
Business Principles	2,603	-	-	-	2,603
BHS England Trip	9,404	-	-	-	9,404
Activity Tickets	2,595	39,070	39,488	-	2,177
BHS SIT	1,571	847	828	-	1,590
Yearbook/Photo Club	7,033	10,619	11,056	-	6,596
Academic Coaching	-	250	41	-	209
Robotics Club	3,265	1,857	2,237	-	2,885
Science Club	348	773	276	-	845
Scholastic Bowl	444	332	-	-	776
Yearbook-Beacon	40,175	51,320	40,636	-	50,859
Growl newspaper	8,392	1,853	413	-	9,832
Foreign Language Club	-	162	160	-	2
Special Education Activities	210	-	-	-	210
National History Day Club	1,155	6,173	6,460	-	868
Student Council	9,043	45,370	43,300	-	11,113
Cheerleaders	9,358	36,402	32,658	-	13,102
Computer Club	1	-	-	-	1
Living Skills Club	222	-	-	-	222
Peer Educators	1,960	332	567	-	1,725

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
School Paper	1,929	-	-	-	1,929
Functional Skills	1,471	-	-	-	1,471
Spanish Club	1,421	331	-	-	1,752
Sail/TAG Fundraiser	1,216	-	-	-	1,216
National Honor Society	1,127	2,302	1,990	-	1,439
Art Club	176	-	-	-	176
German Club	6,277	5,585	9,920	-	1,942
Bulldog Way	-	229	50	-	179
French Club	991	1,240	1,501	-	730
French Honors Society	231	210	308	-	133
Social Comm Club	40	-	40	-	-
Goldusters	7,624	14,342	16,138	-	5,828
Dusterettes	65	475	-	-	540
Art Club	1,180	332	-	-	1,512
Key Club	168	332	251	-	249
Club Vending	5,266	5,772	5,266	-	5,772
PR Club Vending	5,939	3,059	3,384	-	5,614
Class of 2019	2,049	4,157	6,206	-	-
Class of 2020	1,123	1,524	580	-	2,067
Class of 2021	234	660	-	-	894
Class of 2022	-	236	-	-	236
N.A. Fundraiser	821	-	-	-	821
N.A. Bookstore	4,112	-	-	-	4,112
Student Council	416	-	-	-	416
N.A. Shooting Stars	478	360	304	-	534
Hoover Fundraiser	1,895	-	-	-	1,895
Jefferson Fundraiser	15	-	-	-	15
Jefferson Bookstore	1,529	-	-	-	1,529
TJ Student Council	1,555	615	1,655	-	515
P.N. Bookstore	2,922	-	-	-	2,922
G.W. Fundraiser	7,984	-	3,596	-	4,388
G.W. Bookstore	3,667	-	-	-	3,667
G.W. Memorial Fund	31	-	-	-	31
Student Needs	527	-	-	-	527
N.A. Student	379	-	-	-	379
Elm - Orchestra	54	-	-	-	54
Backpack Snack Program	7,182	6,600	4,280	-	9,502
Therapy Dog	1,225	-	-	-	1,225
MT Fundraiser	2,309	-	-	-	2,309
6-House I	1,225	4,899	4,442	-	1,682
6-House II	1,921	3,471	3,207	-	2,185
6-House III	504	2,163	2,123	-	544
7-House I	716	2,097	1,992	-	821
7-House II	688	585	451	-	822
7-House III	442	1,713	1,521	-	634
8-House I	1,585	8,112	7,694	-	2,003
8-House II	714	5,261	5,016	-	959
8-House III	3,470	4,914	5,546	-	2,838
School Fundraising	9,328	8,224	10,666	-	6,886
Student Needs	988	356	191	-	1,153
BWCA	307	-	-	-	307
MS Parent Link	13,835	5,875	6,472	-	13,238
After Prom	3,498	23,620	15,811	-	11,307
SPED Rec League	2	-	2	-	-
Edison Food Pantry	-	500	-	-	500
BHS Fine Arts Trip	-	17,314	-	-	17,314
Fine Arts Uniforms	7,479	12,665	5,739	-	14,405
BHS Fine Arts	47,249	53,412	77,669	-	22,992
BHS Football Moms	17,605	17,215	17,060	-	17,760
BHS Mat Moms	7,574	3,828	5,834	-	5,568
Total	\$ 498,836	1,068,387	1,048,787	20,000	538,436

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN PRIVATE PURPOSE TRUST FUND
SCHOLARSHIP ACCOUNTS
YEAR ENDED JUNE 30, 2019

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
Golf Outing Scholarship	\$ 2,007	-	-	2,007
TJ Before the Bell	346	-	-	346
Class of 55 Donation	318	-	-	318
Student Needs	2,197	3,614	2,291	3,520
Noack Donation	201	-	-	201
Donation for After School - Armstrong	100	-	-	100
Donation for After School - Mark Twain	100	-	-	100
Professional Development Donation	2,006	-	-	2,006
Spain Memorial	919	-	-	919
B.H.S Memorial	1,017	-	-	1,017
G.W. Pieff Tutor	164	-	-	164
B.M.S. Johnson Memorial	-	400	-	400
B.S.C.F. Debate	8,257	-	-	8,257
Dollars for Doers	82	-	-	82
GW Sign Tutoring	2,669	-	-	2,669
Koufer Memorial	26	-	-	26
Funk Memorial	14	-	-	14
TJ Trust Fund	1,360	-	-	1,360
Ann Orlandea Memorial	-	125	124	1
Thiessen Scholarship	1,866	1,060	1,000	1,926
Phillips Scholarship	251	-	-	251
Stansbury Scholarship	716	-	-	716
IGHSAU Scholarship	753	-	-	753
Sparling Memorial	51	-	-	51
Total	<u>\$ 25,420</u>	<u>5,199</u>	<u>3,415</u>	<u>27,204</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Local sources:										
Local tax	\$ 21,024,379	19,875,840	19,403,387	19,280,650	19,029,135	22,820,270	22,886,176	21,977,114	21,097,070	19,950,685
Tuition	5,736,477	5,779,146	5,487,479	5,598,345	4,680,371	4,184,888	4,082,291	3,804,224	3,704,732	3,478,559
Other	2,041,204	2,055,217	1,964,185	2,270,209	1,875,163	1,900,221	1,737,113	1,932,720	1,826,287	2,670,888
Intermediate sources	-	10,599	1,405	32,378	12,965	626	200	576	513	619
State sources	30,265,985	29,709,591	28,982,066	27,685,128	27,375,345	22,189,361	21,598,101	21,310,902	19,936,921	17,505,827
Federal sources	1,710,455	1,789,314	1,735,593	1,769,933	1,867,500	1,744,313	1,622,543	2,289,034	2,874,300	3,680,354
Total	\$ 60,778,500	59,219,707	57,574,115	56,636,643	54,840,479	52,839,679	51,926,424	51,314,570	49,439,823	47,286,932
Expenditures:										
Instruction:										
Regular	\$ 23,858,785	23,682,801	23,648,644	23,507,593	22,308,962	20,327,836	19,685,330	18,366,813	18,034,575	18,097,643
Special	6,612,900	6,169,204	5,731,522	5,622,285	5,477,174	5,687,617	5,349,062	5,142,445	5,450,548	5,236,204
Other	6,181,303	6,287,690	6,001,847	4,998,926	4,461,856	5,281,988	4,579,520	4,855,728	4,725,745	5,016,016
Support services:										
Student	2,159,960	2,047,739	1,956,039	1,920,112	1,861,282	1,823,326	1,795,943	1,742,974	1,684,351	1,632,924
Instructional staff	802,616	736,604	801,708	817,556	767,954	665,587	616,969	753,188	673,503	613,527
Administration	6,515,134	6,324,612	6,449,214	6,273,984	6,356,301	5,994,504	6,215,174	6,446,347	6,721,876	5,291,154
Operation and maintenance of plant	5,058,307	4,799,074	4,523,772	4,573,231	4,487,569	4,309,240	3,801,998	3,570,952	3,720,497	4,175,010
Transportation	1,019,757	1,149,880	1,099,577	1,207,579	942,322	963,209	858,898	755,039	843,569	725,305
Non-instructional programs	21,019	22,260	20,135	34,329	13,785	18,310	9,771	11,657	12,218	14,866
Capital outlay	20,172,948	8,657,701	3,285,443	2,125,287	3,923,853	6,784,283	8,165,454	9,840,071	848,545	798,367
Long-term debt:										
Principal	-	-	72,565	71,186	516,776	-	-	-	-	9,565,000
Interest	426,942	-	1,405	2,784	14,202	-	-	-	-	173,340
Other expenditures:										
AEA flowthrough	1,810,173	1,777,461	1,686,385	1,647,856	1,631,664	1,605,145	1,546,987	1,501,447	1,651,099	1,605,501
Total	\$ 74,639,844	61,655,026	55,278,256	52,802,708	52,763,700	53,461,045	52,625,106	52,986,661	44,366,526	52,944,857

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

GRANTOR/PROGRAM	CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 19	\$ 183,496
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 19	895,161 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 19	20,682
			<u>1,099,339</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 19	18,720
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 19	426,406
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 19	200,752
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	FY 19	87,310
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	FY 19	19,355
U.S. DEPARTMENT OF EDUCATION:			
MISSISSIPPI BEND AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 19	197,540
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 19	15,180
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 19	2,694
TOTAL			<u>\$ 2,067,296</u>

* - Includes \$147,841 of non-cash awards

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Bettendorf Community School District under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only selected portion of the operations of Bettendorf Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of Bettendorf Community School District.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Indirect Cost Rate - Bettendorf Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BETTENDORF COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
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Telephone (641) 792-1910

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Education of Bettendorf Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bettendorf Community School District as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2020.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Bettendorf Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 13, 2020
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Education of Bettendorf Community School District:

Report on Compliance for Each Major Federal Program

We have audited Bettendorf Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. Bettendorf Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bettendorf Community 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 U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Bettendorf Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Bettendorf Community 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, 2019.

Report on Internal Control Over Compliance

Management of Bettendorf Community 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 Bettendorf Community 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 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 the Uniform Guidance, 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 Bettendorf Community School District's internal control over compliance.

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 internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



NOLTE, CORNMAN & JOHNSON, P.C.

January 13, 2020
Newton, Iowa

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)
- (g) Major programs were as follows:
 - CFDA Number 84.010 - Title I Grants to local Educational Agencies
 - CFDA Number 84.287 - Twenty-First Century Community Learning Centers
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Bettendorf Community School District did qualify as a low-risk auditee.

BETTENDORF COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-19 Certified Budget - District expenditures for the year ended June 30, 2019 did not exceed the certified budgeted amounts.

IV-B-19 Questionable Disbursements - We noted during our audit instances of the District paying sales tax on purchases made with District credit cards. The District is a tax-exempt entity, therefore, expenditures for sales tax would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their purchasing and reimbursing procedures currently in place and make the necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The District will review purchasing and reimbursement procedures and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Conclusion - Response accepted.

IV-C-19 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-19 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-19 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions.

IV-F-19 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-19 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

- IV-H-19 Supplementary Weighting - We noted no variances regarding the supplementary weighting certified to the Iowa Department of Education.
- IV-I-19 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-19 Certified Annual Report - The Certified Annual Report was certified timely to the Department of Education and we noted no deficiencies in amounts reported.
- IV-K-19 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-L-19 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2019, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR.

Beginning balance		\$	931,136
Revenues:			
Sales tax revenues	\$	4,206,659	
Sale of long-term debt		27,380,000	
Other local revenues		8,327	
		<u> </u>	<u>31,594,986</u>
Expenditures/transfers out:			
School infrastructure construction		16,538,590	
Land purchased		205,767	
Other		144,273	
Transfers to other funds:			
Debt service fund		283,800	
		<u> </u>	<u>17,172,430</u>
Ending balance			<u><u>\$ 15,353,692</u></u>

For the year ended June 30, 2019, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.