

# BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

## AUDIT REPORT

JUNE 30, 2018

San Diego

Los Angeles

San Francisco  
Bay Area

christywhite  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
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**JUNE 30, 2018**

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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Bellevue Union Elementary School District  
Santa Rosa, California

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bellevue Union Elementary School District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bellevue Union Elementary School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of Bellevue Union Elementary 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 Bellevue Union Elementary School 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 Bellevue Union Elementary School District's internal control over financial reporting and compliance.

*Christy White Associates*

San Diego, California  
December 14, 2018

# BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

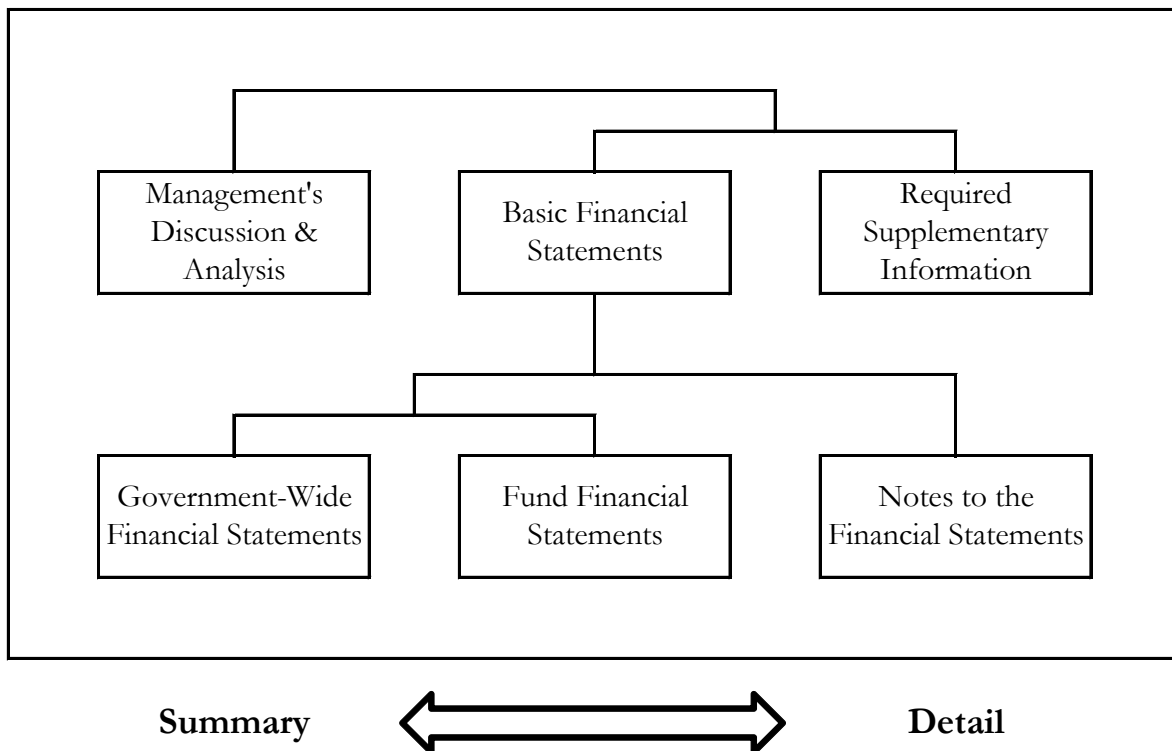
Our discussion and analysis of Bellevue Union Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's total net position was \$569,155 at June 30, 2018. This was a decrease of \$527,225 from the prior year.
- Overall expenses were \$29,198,761 which exceeded revenues of \$28,671,536.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financials Section





**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity’s overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs.
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

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

**Government-Wide Statements**

The government-wide 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 government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position is one way to measure the District’s financial health. Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District’s basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's net position was \$569,155 at June 30, 2018, as reflected in the table below. Of this amount, \$(21,733,611) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 14,194,402	\$ 9,019,885	\$ 5,174,517
Capital assets	46,052,001	47,165,276	(1,113,275)
<b>Total Assets</b>	<b>60,246,403</b>	<b>56,185,161</b>	<b>4,061,242</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	8,247,701	5,391,371	2,856,330
<b>LIABILITIES</b>			
Current liabilities	2,965,485	3,744,960	(779,475)
Long-term liabilities	62,849,934	54,889,145	7,960,789
<b>Total Liabilities</b>	<b>65,815,419</b>	<b>58,634,105</b>	<b>7,181,314</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	2,109,530	1,846,047	263,483
<b>NET POSITION</b>			
Net investment in capital assets	17,418,684	10,384,193	7,034,491
Restricted	4,884,082	4,269,542	614,540
Unrestricted	(21,733,611)	(13,557,355)	(8,176,256)
<b>Total Net Position</b>	<b>\$ 569,155</b>	<b>\$ 1,096,380</b>	<b>\$ (527,225)</b>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges slightly, so you can see our total revenues and expenses for the year.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 29,697	\$ -	\$ 29,697
Operating grants and contributions	4,474,906	4,958,797	(483,891)
General revenues			
Property taxes	11,419,353	10,613,504	805,849
Unrestricted federal and state aid	11,673,877	11,326,128	347,749
Other	1,073,703	1,700,780	(627,077)
<b>Total Revenues</b>	<b>28,671,536</b>	<b>28,599,209</b>	<b>72,327</b>
<b>EXPENSES</b>			
Instruction	15,195,652	17,023,047	(1,827,395)
Instruction-related services	2,023,040	1,881,410	141,630
Pupil services	4,588,411	4,189,001	399,410
General administration	1,422,490	1,910,599	(488,109)
Plant services	1,837,061	2,242,360	(405,299)
Ancillary and community services	534,011	469,030	64,981
Debt service	2,043,351	1,920,384	122,967
Other outgo	323,616	(26,203)	349,819
Depreciation	1,231,129	1,035,859	195,270
<b>Total Expenses</b>	<b>29,198,761</b>	<b>30,645,487</b>	<b>(1,446,726)</b>
<b>Change in net position</b>	<b>(527,225)</b>	<b>(2,046,278)</b>	<b>1,519,053</b>
<b>Net Position - Beginning</b>	<b>1,096,380</b>	<b>3,142,658</b>	<b>(2,046,278)</b>
<b>Net Position - Ending</b>	<b>\$ 569,155</b>	<b>\$ 1,096,380</b>	<b>\$ (527,225)</b>

The cost of all our governmental activities this year was \$29,198,761 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$11,419,353 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$4,474,906).

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	<b>Net Cost of Services</b>	
	<b>2018</b>	<b>2017</b>
Instruction	\$ 12,748,777	\$ 13,590,626
Instruction-related services	1,916,057	1,649,707
Pupil services	3,383,262	3,880,727
General administration	1,363,299	1,880,496
Plant services	1,832,395	1,976,972
Ancillary and community services	38,865	17,230
Debt service	2,043,351	1,920,384
Transfers to other agencies	137,023	(265,311)
Depreciation	1,231,129	1,035,859
<b>Total Expenses</b>	<b>\$ 24,694,158</b>	<b>\$ 25,686,690</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$12,473,578, which is more than last year's ending fund balance of \$6,591,684. The District's General Fund had \$519,120 more in operating revenues than expenditures for the year ended June 30, 2018. The District's Charter Schools Fund had \$67,917 more in operating revenues than expenditures for the year ended June 30, 2018. The District's Building Fund had \$171,379 less in operating revenues than expenditures for the year ended June 30, 2018. The District's Bond Interest and Redemption Fund had \$102,837 more in operating revenues than expenditures for the year ended June 30, 2018.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**CURRENT YEAR BUDGET 2017-2018**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2017-2018 the District had invested \$46,052,001 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 4,316,397	\$ 4,316,397	\$ -
Construction in progress	5,768,755	5,786,740	(17,985)
Land improvements	7,159,318	7,031,949	127,369
Buildings & improvements	42,340,544	42,340,544	-
Furniture & equipment	1,056,607	1,048,137	8,470
Accumulated depreciation	(14,589,620)	(13,358,491)	(1,231,129)
<b>Total Capital Assets</b>	<b>\$ 46,052,001</b>	<b>\$ 47,165,276</b>	<b>\$ (1,113,275)</b>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**Long-Term Debt**

At year-end, the District had \$62,849,934 in long-term debt, an increase of 14.50% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 42,717,010	\$ 35,907,093	\$ 6,809,917
Capital leases	-	2,101,117	(2,101,117)
Compensated absences	78,407	75,039	3,368
Net pension liability	20,902,230	17,726,801	3,175,429
Less: current portion of long-term debt	(847,713)	(920,905)	73,192
<b>Total Long-term Liabilities</b>	<b>\$ 62,849,934</b>	<b>\$ 54,889,145</b>	<b>\$ 7,960,789</b>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

The State's economy continues to be strong but a new governor could change the fiscal policy for the funding of public education, within the boundaries of Proposition 98. Past fiscal allocations had included higher than expected funding but on-going funding may not be as strong. The UCLA Anderson Forecast (June 2018) noted that the "era of ultra-low interest rates has passed and the economy is at full employment," which creates difficulty sustaining continued growth at the rate recently experienced. And, according to the California Legislative Analyst's Office, there are concerns about a possible mild recession.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The 2018-19 adopted State Budget fully funded the LCFF funding gap two years ahead of schedule.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2018. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2018-19 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Department, Bellevue Union Elementary School District, 3150 Education Drive, Santa Rosa, CA 95407.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 13,109,854
Accounts receivable	1,084,548
Capital assets, not depreciated	10,085,152
Capital assets, net of accumulated depreciation	35,966,849
<b>Total Assets</b>	<b>60,246,403</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	7,825,709
Deferred amount on refunding	421,992
<b>Total Deferred Outflows of Resources</b>	<b>8,247,701</b>
<b>LIABILITIES</b>	
Accrued liabilities	2,010,680
Unearned revenue	107,092
Long-term liabilities, current portion	847,713
Long-term liabilities, non-current portion	62,849,934
<b>Total Liabilities</b>	<b>65,815,419</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	2,109,530
<b>Total Deferred Inflows of Resources</b>	<b>2,109,530</b>
<b>NET POSITION</b>	
Net investment in capital assets	17,418,684
Restricted:	
Capital projects	408,058
Debt service	3,483,397
Educational programs	748,867
All others	243,760
Unrestricted	(21,733,611)
<b>Total Net Position</b>	<b>\$ 569,155</b>

The accompanying notes are an integral part of these financial statements.



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 15,195,652	\$ -	\$ 2,446,875	\$ (12,748,777)
Instruction-related services				
Instructional supervision and administration	51,305	-	48,322	(2,983)
Instructional library, media, and technology	179,907	-	1,884	(178,023)
School site administration	1,791,828	-	56,777	(1,735,051)
Pupil services				
Home-to-school transportation	1,582,772	-	3,931	(1,578,841)
Food services	1,091,285	28,606	932,079	(130,600)
All other pupil services	1,914,354	-	240,533	(1,673,821)
General administration				
Centralized data processing	8,855	-	-	(8,855)
All other general administration	1,413,635	1,091	58,100	(1,354,444)
Plant services	1,837,061	-	4,666	(1,832,395)
Ancillary services	37,056	-	1,780	(35,276)
Community services	496,955	-	493,366	(3,589)
Interest on long-term debt	2,043,351	-	-	(2,043,351)
Other outgo	323,616	-	186,593	(137,023)
Depreciation (unallocated)	1,231,129	-	-	(1,231,129)
<b>Total Governmental Activities</b>	<b>\$ 29,198,761</b>	<b>\$ 29,697</b>	<b>\$ 4,474,906</b>	<b>(24,694,158)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				8,547,551
Property taxes, levied for debt service				2,784,076
Property taxes, levied for other specific purposes				87,726
Federal and state aid not restricted for specific purposes				11,673,877
Interest and investment earnings				89,226
Miscellaneous				984,477
<b>Subtotal, General Revenue</b>				<b>24,166,933</b>
<b>CHANGE IN NET POSITION</b>				<b>(527,225)</b>
<b>Net Position - Beginning</b>				<b>1,096,380</b>
<b>Net Position - Ending</b>				<b>\$ 569,155</b>

The accompanying notes are an integral part of these financial statements.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2018**

	General Fund		Charter Schools Fund	Building Fund	Bond Interest & Redemption Fund		Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and investments	\$	2,233,707	\$ 433,034	\$ 6,143,566	\$	3,880,345	\$ 419,202	\$ 13,109,854
Accounts receivable		583,665	61,602	-		-	439,281	1,084,548
Due from other funds		380,930	3,625	-		-	980	385,535
<b>Total Assets</b>	<b>\$</b>	<b>3,198,302</b>	<b>\$ 498,261</b>	<b>\$ 6,143,566</b>	<b>\$</b>	<b>3,880,345</b>	<b>\$ 859,463</b>	<b>\$ 14,579,937</b>
<b>LIABILITIES</b>								
Accrued liabilities	\$	1,191,487	\$ 36,249	\$ 313,070	\$	-	\$ 72,926	\$ 1,613,732
Due to other funds		4,605	247,211	-		-	133,719	385,535
Unearned revenue		107,092	-	-		-	-	107,092
<b>Total Liabilities</b>		<b>1,303,184</b>	<b>283,460</b>	<b>313,070</b>		<b>-</b>	<b>206,645</b>	<b>2,106,359</b>
<b>FUND BALANCES</b>								
Nonspendable		2,500	-	-		-	1,000	3,500
Restricted		534,066	214,801	5,830,496		3,880,345	651,818	11,111,526
Assigned		648,464	-	-		-	-	648,464
Unassigned		710,088	-	-		-	-	710,088
<b>Total Fund Balances</b>		<b>1,895,118</b>	<b>214,801</b>	<b>5,830,496</b>		<b>3,880,345</b>	<b>652,818</b>	<b>12,473,578</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b>3,198,302</b>	<b>\$ 498,261</b>	<b>\$ 6,143,566</b>	<b>\$</b>	<b>3,880,345</b>	<b>\$ 859,463</b>	<b>\$ 14,579,937</b>

The accompanying notes are an integral part of these financial statements.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**JUNE 30, 2018**

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<b>Total Fund Balance - Governmental Funds</b>	\$	12,473,578
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Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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

Capital assets	\$ 60,641,621	
Accumulated depreciation	(14,589,620)	46,052,001

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

421,992

Unmatured interest on long-term debt:

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

(396,948)

Long-term liabilities:

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

Total general obligation bonds	\$ 42,717,010	
Compensated absences	78,407	
Net pension liability	20,902,230	(63,697,647)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 7,825,709	
Deferred inflows of resources related to pensions	(2,109,530)	5,716,179

<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b>569,155</b>
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The accompanying notes are an integral part of these financial statements.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Charter Schools		Bond Interest &		Non-Major	Total
	General Fund	Fund	Building Fund	Redemption Fund	Governmental	Governmental
					Funds	Funds
<b>REVENUES</b>						
LCFF sources	\$ 18,200,104	\$ 1,391,585	\$ -	\$ -	\$ -	\$ 19,591,689
Federal sources	885,376	28,238	-	186,593	932,615	2,032,822
Other state sources	1,854,039	120,089	-	15,293	929,213	2,918,634
Other local sources	1,485,545	19,717	22,391	2,809,652	255,197	4,592,502
<b>Total Revenues</b>	<b>22,425,064</b>	<b>1,559,629</b>	<b>22,391</b>	<b>3,011,538</b>	<b>2,117,025</b>	<b>29,135,647</b>
<b>EXPENDITURES</b>						
Current						
Instruction	13,198,466	1,025,413	-	-	864,617	15,088,496
Instruction-related services						
Instructional supervision and administration	52,022	-	-	-	-	52,022
Instructional library, media, and technology	155,412	424	-	-	-	155,836
School site administration	1,467,341	248,197	-	-	-	1,715,538
Pupil services						
Home-to-school transportation	1,582,772	-	-	-	-	1,582,772
Food services	-	(1)	-	-	1,045,157	1,045,156
All other pupil services	1,725,165	96,130	-	-	-	1,821,295
General administration						
Centralized data processing	8,779	76	-	-	-	8,855
All other general administration	1,284,298	21,355	-	-	38,011	1,343,664
Plant services	1,512,340	77,800	-	-	1,097	1,591,237
Facilities acquisition and maintenance	47,533	1,560	193,770	-	(7,453)	235,410
Ancillary services	16,694	20,758	-	-	-	37,452
Community services	496,955	-	-	-	-	496,955
Transfers to other agencies	9,000	-	-	-	95,123	104,123
Debt service						
Principal	98,442	-	-	1,750,000	-	1,848,442
Interest and other	250,725	-	-	1,158,701	-	1,409,426
<b>Total Expenditures</b>	<b>21,905,944</b>	<b>1,491,712</b>	<b>193,770</b>	<b>2,908,701</b>	<b>2,036,552</b>	<b>28,536,679</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<b>519,120</b>	<b>67,917</b>	<b>(171,379)</b>	<b>102,837</b>	<b>80,473</b>	<b>598,968</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	247,865	-	-	-	-	247,865
Other sources	2,222,168	-	4,774,748	6,654,059	-	13,650,975
Transfers out	-	(247,157)	-	-	(708)	(247,865)
Other uses	(2,072,168)	-	-	(6,295,881)	-	(8,368,049)
<b>Net Financing Sources (Uses)</b>	<b>397,865</b>	<b>(247,157)</b>	<b>4,774,748</b>	<b>358,178</b>	<b>(708)</b>	<b>5,282,926</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>916,985</b>	<b>(179,240)</b>	<b>4,603,369</b>	<b>461,015</b>	<b>79,765</b>	<b>5,881,894</b>
<b>Fund Balance - Beginning</b>	<b>978,133</b>	<b>394,041</b>	<b>1,227,127</b>	<b>3,419,330</b>	<b>573,053</b>	<b>6,591,684</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,895,118</b>	<b>\$ 214,801</b>	<b>\$ 5,830,496</b>	<b>\$ 3,880,345</b>	<b>\$ 652,818</b>	<b>\$ 12,473,578</b>

The accompanying notes are an integral part of these financial statements.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Net Change in Fund Balances - Governmental Funds** \$ 5,881,894

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

**Capital outlay:**

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

Expenditures for capital outlay:	\$ 117,854	
Depreciation expense:	<u>(1,231,129)</u>	(1,113,275)

**Debt service:**

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

9,413,347

**Debt proceeds:**

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(13,650,974)

**Deferred amounts on refunding:**

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

421,992

**Unmatured interest on long-term debt:**

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

(1,094)

*(continued on next page)*

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF  
ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (831,059)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (3,368)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (1,004,574)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 359,886

<b>Change in Net Position of Governmental Activities</b>	\$ (527,225)
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**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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	Agency Fund
	Student Body
	Fund
ASSETS	
Cash and investments	\$ 54,191
<b>Total Assets</b>	<b>\$ 54,191</b>
LIABILITIES	
Due to student groups	\$ 54,191
<b>Total Liabilities</b>	<b>\$ 54,191</b>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

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

The District operates under a locally elected Board form of government and provides educational services to grades K-6 as mandated by the state and grades K-12 at the charter school. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Basis of Presentation

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

**General Fund:** The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

**Charter Schools Special Revenue Fund:** This fund may be used by authorizing LEAs to account separately for the activities of LEA-operated charter schools that would otherwise be reported in the authorizing LEA's general fund. If an LEA uses this fund for any of a charter school's operating activities, it should use this fund for all of the charter school's operating activities.

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

**Child Development Fund.** This fund is used to account separately for federal, state, and local revenues to operate child development programs.

**Cafeteria Special Revenue Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

**Capital Project Funds:** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

**County School Facilities Fund:** This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Basis of Presentation (*continued*)

Fiduciary Funds

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**Student Body Fund:** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930–48938*).

D. Basis of Accounting – Measurement Focus

**Government-Wide and Fiduciary Financial Statements**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

**Governmental Funds**

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

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

**Inventories**

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**Capital Assets**

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over an estimated useful life of 5 to 50 years depending on the asset class.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**Premiums and Discounts**

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

**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 defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (*continued*)

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

**G. Estimates**

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

**H. Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

**I. Property Tax**

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

J. New Accounting Pronouncements

**GASB Statement No. 75** – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 75 for the year ended June 30, 2018, however the District does not offer other postemployment benefits.

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 85** – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This standard's primary objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 85 for the year ended June 30, 2018.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

**GASB Statement No. 88** – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The District has not determined the impact on the financial statements.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Activities</b>	<b>Fiduciary Funds</b>
Investment in county treasury	\$ 13,106,354	\$ -
Cash on hand and in banks	-	54,191
Cash in revolving fund	3,500	-
<b>Total cash and investments</b>	<b>\$ 13,109,854</b>	<b>\$ 54,191</b>

**B. Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Sonoma County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$13,159,240 and an amortized book value of \$13,106,354. The average weighted maturity for this pool is 533 days.

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2018, the pooled investments in the County Treasury were not rated.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District's bank balance was not exposed to custodial credit risk.

**G. Fair Value**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Sonoma County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2018 were as follows:

	<b>Fair Market Value of</b>	
	<b><u>Uncategorized</u></b>	
Investment in county treasury	\$	13,159,240
<b>Total fair market value of investments</b>	<b>\$</b>	<b>13,159,240</b>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018 consisted of the following:

	<b>General Fund</b>	<b>Charter Schools Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal Government				
Categorical aid	\$ 433,309	\$ -	\$ 346,092	\$ 779,401
State Government				
Apportionment	9,868	57,570	-	67,438
Categorical aid	78,692	-	83,722	162,414
Lottery	11,393	1,760	-	13,153
Local Government				
Other local sources	50,403	2,272	9,467	62,142
<b>Total</b>	<b>\$ 583,665</b>	<b>\$ 61,602</b>	<b>\$ 439,281</b>	<b>\$ 1,084,548</b>

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Balance July 01, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2018</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,316,397	\$ -	\$ -	\$ 4,316,397
Construction in progress	5,786,740	106,352	124,337	5,768,755
Total Capital Assets not Being Depreciated	10,103,137	106,352	124,337	10,085,152
Capital assets being depreciated				
Land improvements	7,031,949	127,369	-	7,159,318
Buildings & improvements	42,340,544	-	-	42,340,544
Furniture & equipment	1,048,137	8,470	-	1,056,607
Total Capital Assets Being Depreciated	50,420,630	135,839	-	50,556,469
Less Accumulated Depreciation				
Land improvements	2,606,722	308,337	-	2,915,059
Buildings & improvements	10,353,853	846,171	-	11,200,024
Furniture & equipment	397,916	76,621	-	474,537
Total Accumulated Depreciation	13,358,491	1,231,129	-	14,589,620
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 47,165,276</b>	<b>\$ (988,938)</b>	<b>\$ 124,337</b>	<b>\$ 46,052,001</b>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 5 – INTERFUND TRANSACTIONS**

**A. Interfund Receivables/Payables (Due From/Due To)**

Individual interfund receivable and payable balances at June 30, 2018 were as follows:

Due To Other Funds	Due From Other Funds			
	General Fund	Charter Schools Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 3,625	\$ 980	\$ 4,605
Charter Schools Fund	247,211	-	-	247,211
Non-Major Governmental Funds	133,719	-	-	133,719
<b>Total Due From Other Funds</b>	<b>\$ 380,930</b>	<b>\$ 3,625</b>	<b>\$ 980</b>	<b>\$ 385,535</b>

Due from the General Fund to the Charter Schools Fund to allocate SPED income to SPA.	\$ 3,625
Due from the General Fund to the Cafeteria Fund to reconcile the fund.	980
Due from the Charter Schools Fund to the General Fund for District 9%.	247,211
Due from the Child Development Fund to the General Fund to transfer interest.	708
Due from the Cafeteria Fund to the General Fund for temporary loan and indirect costs.	133,011
<b>Total</b>	<b>\$ 385,535</b>

**B. Operating Transfers**

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Interfund Transfers Out	Interfund Transfers In	
	General Fund	Total
Charter Schools Fund	\$ 247,157	\$ 247,157
Non-Major Governmental Funds	708	708
<b>Total Interfund Transfers</b>	<b>\$ 247,865</b>	<b>\$ 247,865</b>

Transfer from the Charter Schools Fund to the General Fund for District 9%.	\$ 247,157
Transfer from the Child Development Fund to the General Fund to transfer interest.	708
<b>Total</b>	<b>\$ 247,865</b>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2018 consisted of the following:

	Charter Schools			Non-Major Governmental		Total Governmental
	General Fund	Fund	Building Fund	Funds	District-Wide	Activities
Payroll	\$ 76,096	\$ 3,426	\$ -	\$ 1,257	\$ -	\$ 80,779
Construction	-	-	313,070	-	-	313,070
Vendors payable	94,187	561	-	68,324	-	163,072
Unmatured interest	-	-	-	-	396,948	396,948
Other liabilities	1,021,204	32,262	-	3,345	-	1,056,811
<b>Total</b>	<b>\$ 1,191,487</b>	<b>\$ 36,249</b>	<b>\$ 313,070</b>	<b>\$ 72,926</b>	<b>\$ 396,948</b>	<b>\$ 2,010,680</b>

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2018 consisted federal sources totaling \$107,092 in the General Fund.

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2018 consisted of the following:

	Balance			Balance	Balance Due
	July 01, 2017	Additions	Deductions	June 30, 2018	In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 34,756,785	\$ 13,774,785	\$ 7,312,230	\$ 41,219,340	\$ 788,092
Unamortized premium	1,150,308	707,248	359,886	1,497,670	59,621
Total general obligation bonds	35,907,093	14,482,033	7,672,116	42,717,010	847,713
Capital leases	2,101,117	-	2,101,117	-	-
Compensated absences	75,039	3,368	-	78,407	-
Net pension liability	17,726,801	3,175,429	-	20,902,230	-
<b>Total</b>	<b>\$ 55,810,050</b>	<b>\$ 17,660,830</b>	<b>\$ 9,773,233</b>	<b>\$ 63,697,647</b>	<b>\$ 847,713</b>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for capital lease obligations are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2018 amounted to \$78,407. This amount is included as part of long-term liabilities in the government-wide financial statements.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 8 – LONG-TERM DEBT (continued)**

**B. General Obligation Bonds**

The outstanding general obligation debt of the District at June 30, 2018 is:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Deductions	Bonds	
					Outstanding July 01, 2017	Additions		Outstanding June 30, 2018	
1997 CAB	1997	2021	5.1-5.8%	\$ 4,393,374	\$ 4,950,652	\$ 261,553	\$ 1,000,000	\$ 4,212,205	
2000 CAB	2000	2024	5.4-6.3%	2,976,210	6,236,977	404,121	420,000	6,221,098	
2008 Series A	2009	2033	4.25-7.00%	6,500,000	6,190,000	-	5,140,000	1,050,000	
2011 Series A	2012	2036	11.41%	378,528	687,918	80,731	-	768,649	
2011 Series B	2012	2029	5.00%	4,350,000	4,350,000	-	-	4,350,000	
2011 Series C	2012	2042	6.94-7.25%	774,040	1,126,238	81,260	582,230	625,268	
2014 Series A	2015	2045	3.0-5.5%	4,200,000	3,415,000	-	-	3,415,000	
2014 Series B	2016	2046	2.00-4.00%	7,800,000	7,800,000	-	170,000	7,630,000	
2017 Refunding	2018	2042	2.00-4.06%	5,946,811	-	5,950,205	-	5,950,205	
2008, Series D	2018	2043	3.00-4.31%	6,996,915	-	6,996,915	-	6,996,915	
					\$ 34,756,785	\$ 13,774,785	\$ 7,312,230	\$ 41,219,340	

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2018 were as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 788,092	\$ 2,050,452	\$ 2,838,544
2020	836,420	2,144,593	2,981,013
2021	855,570	2,253,286	3,108,856
2022	924,914	2,355,161	3,280,075
2023	965,869	2,379,431	3,345,300
2024 - 2028	4,740,746	7,616,429	12,357,175
2029 - 2033	10,158,231	3,872,821	14,031,052
2033 - 2038	4,870,810	6,696,115	11,566,925
2039 - 2043	6,727,483	6,623,048	13,350,531
2044 - 2046	2,520,000	132,600	2,652,600
Accretion	7,831,205	(7,831,205)	-
Total	\$ 41,219,340	\$ 28,292,731	\$ 69,512,071

On December 5, 2017, the District issued \$5,950,205 in General Obligation Refunding Bonds. The bonds were issued to refund a portion of the 2008 Series A and a portion of the 2011 Series C Bonds. The refunding transaction resulted in a net savings to the District \$1,379,481 and a present value savings to the District of \$791,683.



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 8 – LONG-TERM DEBT (continued)**

**C. Capital Leases**

The District entered into a capital lease agreement with City National Bank with an original cost of \$2,442,810 to install solar equipment at each school site. Title to the property will pass to the District upon expiration of the lease period. The lease was paid off with the 2008, Series D bonds.

**D. Net Pension Liability**

The District's beginning net pension liability was \$17,726,801 and increased by \$3,175,429 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was \$20,902,230. See Note 10 for additional information regarding the net pension liability.

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2018:

	General Fund	Charter Schools Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 2,500	\$ -	\$ -	\$ -	\$ 1,000	\$ 3,500
Total non-spendable	2,500	-	-	-	1,000	3,500
Restricted						
Educational programs	534,066	214,801	-	-	-	748,867
Capital projects	-	-	5,830,496	-	408,058	6,238,554
Debt service	-	-	-	3,880,345	-	3,880,345
All others	-	-	-	-	243,760	243,760
Total restricted	534,066	214,801	5,830,496	3,880,345	651,818	11,111,526
Assigned						
Deferred maintenance	40,940	-	-	-	-	40,940
Other assignments	607,524	-	-	-	-	607,524
Total assigned	648,464	-	-	-	-	648,464
Unassigned						
Reserve for economic uncertainties	652,682	-	-	-	-	652,682
Remaining unassigned	57,406	-	-	-	-	57,406
Total unassigned	710,088	-	-	-	-	710,088
<b>Total</b>	<b>\$ 1,895,118</b>	<b>\$ 214,801</b>	<b>\$ 5,830,496</b>	<b>\$ 3,880,345</b>	<b>\$ 652,818</b>	<b>\$ 12,473,578</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 14,920,138	\$ 5,229,853	\$ 2,039,098	\$ 1,435,048
PERS Pension	5,982,092	2,595,856	70,432	1,199,302
<b>Total</b>	<b>\$ 20,902,230</b>	<b>\$ 7,825,709</b>	<b>\$ 2,109,530</b>	<b>\$ 2,634,350</b>

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

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2018, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$1,129,777 for the year ended June 30, 2018.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$717,802 to CalSTRS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	14,920,138
State's proportionate share of the net pension liability associated with the District		8,826,700
Total	\$	<u>23,746,838</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.016 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2016.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$1,435,048. In addition, the District recognized pension expense and revenue of \$253,691 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 397,365
Differences between expected and actual experience	55,176	260,231
Changes in assumptions	2,764,130	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,280,770	1,381,502
District contributions subsequent to the measurement date	1,129,777	-
	<u>\$ 5,229,853</u>	<u>\$ 2,039,098</u>

The \$1,129,777 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2019	\$ 726,038	\$ 711,399
2020	726,038	130,731
2021	726,038	345,070
2022	726,038	734,389
2023	726,038	72,507
2024	469,886	45,002
	<u>\$ 4,100,076</u>	<u>\$ 2,039,098</u>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

\* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%
	<hr/> 100% <hr/>	

\*20-year geometric average

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit 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 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the net pension liability	\$ 21,907,500	\$ 14,920,138	\$ 9,249,421

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**Benefits Provided**

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions**

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2018 was 15.531% of annual payroll. Contributions to the plan from the District were \$499,999 for the year ended June 30, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the District reported a liability of \$5,982,092 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.025 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2016.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$1,199,302. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 206,939	\$ -
Differences between expected and actual experience	214,314	-
Changes in assumptions	873,779	70,432
Changes in proportion and differences between District contributions and proportionate share of contributions	800,825	-
District contributions subsequent to the measurement date	499,999	-
	<u>\$ 2,595,856</u>	<u>\$ 70,432</u>

The \$499,999 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2019	\$ 778,412	\$ 70,432
2020	831,324	-
2021	599,442	-
2022	(113,321)	-
	<u>\$ 2,095,857</u>	<u>\$ 70,432</u>



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Actuarial Assumptions (continued)**

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

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	<u>100.0%</u>		

\*An expected inflation of 2.50% used for this period.

\*\*An expected inflation of 3.00% used for this period.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**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 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 8,801,574	\$ 5,982,092	\$ 3,643,095

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees’ Retirement System (CalPERS) (continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

**C. Construction Commitments**

As of June 30, 2018, the District commitments with respect to unfinished capital projects totaling \$67,437.

**NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District participates in two joint ventures under joint powers authorities (JPAs), the Redwood Empire Schools Insurance Group and the West County Transportation Agency. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2018**

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**NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2018, total deferred outflows related to pensions was \$7,825,709 and total deferred inflows related to pensions was \$2,109,530.

**B. Refunded Debt**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2018, the deferred amount on refunding was \$421,992.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**GENERAL FUND – BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
<b>REVENUES</b>				
LCFF sources	\$ 17,982,239	\$ 17,970,090	\$ 18,200,104	\$ 230,014
Federal sources	1,234,913	1,275,583	885,376	(390,207)
Other state sources	877,054	1,303,730	1,854,039	550,309
Other local sources	1,115,361	1,357,842	1,484,986	127,144
<b>Total Revenues</b>	<b>21,209,567</b>	<b>21,907,245</b>	<b>22,424,505</b>	<b>517,260</b>
<b>EXPENDITURES</b>				
Certificated salaries	7,556,681	7,655,929	7,645,849	10,080
Classified salaries	2,908,794	2,778,255	2,812,714	(34,459)
Employee benefits	3,403,469	3,303,928	3,816,747	(512,819)
Books and supplies	997,080	936,501	526,859	409,642
Services and other operating expenditures	5,968,724	6,880,514	6,731,122	149,392
Capital outlay	65,841	55,095	52,497	2,598
Other outgo				
Excluding transfers of indirect costs	192,630	199,169	208,167	(8,998)
Transfers of indirect costs	-	(40,373)	(38,011)	(2,362)
<b>Total Expenditures</b>	<b>21,093,219</b>	<b>21,769,018</b>	<b>21,755,944</b>	<b>13,074</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>116,348</b>	<b>138,227</b>	<b>668,561</b>	<b>530,334</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	247,999	247,999
Transfers out	-	-	(134)	(134)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>247,865</b>	<b>247,865</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>116,348</b>	<b>138,227</b>	<b>916,426</b>	<b>778,199</b>
<b>Fund Balance - Beginning</b>	<b>937,752</b>	<b>937,752</b>	<b>937,752</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,054,100</b>	<b>\$ 1,075,979</b>	<b>\$ 1,854,178</b>	<b>\$ 778,199</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
CHARTER SCHOOLS FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 1,455,846	\$ 1,386,307	\$ 1,391,585	\$ 5,278
Federal sources	8,861	28,137	28,238	101
Other state sources	59,333	184,501	120,089	(64,412)
Other local sources	4,250	15,744	19,716	3,972
<b>Total Revenues</b>	<b>1,528,290</b>	<b>1,614,689</b>	<b>1,559,628</b>	<b>(55,061)</b>
<b>EXPENDITURES</b>				
Certificated salaries	744,896	803,749	782,773	20,976
Classified salaries	95,732	126,410	109,354	17,056
Employee benefits	245,958	251,759	314,796	(63,037)
Books and supplies	113,543	140,162	121,462	18,700
Services and other operating expenditures	320,178	507,815	163,327	344,488
<b>Total Expenditures</b>	<b>1,520,307</b>	<b>1,829,895</b>	<b>1,491,712</b>	<b>338,183</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>7,983</b>	<b>(215,206)</b>	<b>67,916</b>	<b>283,122</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(247,157)	(247,157)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(247,157)</b>	<b>(247,157)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>7,983</b>	<b>(215,206)</b>	<b>(179,241)</b>	<b>35,965</b>
<b>Fund Balance - Beginning</b>	<b>394,041</b>	<b>394,041</b>	<b>394,041</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 402,024</b>	<b>\$ 178,835</b>	<b>\$ 214,800</b>	<b>\$ 35,965</b>

See accompanying note to required supplementary information.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**- CALSTRS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.016%	0.017%	0.014%	0.017%
District's proportionate share of the net pension liability	\$ 14,920,138	\$ 13,436,669	\$ 9,545,903	\$ 9,934,290
State's proportionate share of the net pension liability associated with the District	8,826,700	7,650,382	5,048,716	6,083,729
Total	<u>\$ 23,746,838</u>	<u>\$ 21,087,051</u>	<u>\$ 14,594,619</u>	<u>\$ 16,018,019</u>
District's covered payroll	\$ 8,604,873	\$ 8,102,865	\$ 7,166,888	\$ 7,612,230
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.4%	165.8%	133.2%	130.5%
Plan fiduciary net position as a percentage of the total pension liability	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**- CALPERS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.025%	0.022%	0.021%	0.017%
District's proportionate share of the net pension liability	\$ 5,982,092	\$ 4,290,132	\$ 3,051,014	\$ 1,963,971
District's covered payroll	\$ 3,183,783	\$ 2,613,482	\$ 1,885,925	\$ 1,817,121
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.9%	164.2%	161.8%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,129,777	\$ 1,124,578	\$ 879,212	\$ 691,134
Contributions in relation to the contractually required contribution*	(1,129,777)	(1,124,578)	(879,212)	(691,134)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,171,302	\$ 8,604,873	\$ 8,102,865	\$ 7,166,888
Contributions as a percentage of covered payroll	13.83%	13.07%	10.85%	9.64%

\*Amounts do not include on-behalf contributions

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 499,999	\$ 442,771	\$ 309,043	\$ 269,714
Contributions in relation to the contractually required contribution	(499,999)	(442,771)	(309,043)	(269,714)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,214,696	\$ 3,183,783	\$ 2,613,482	\$ 1,885,925
Contributions as a percentage of covered payroll	15.55%	13.91%	11.82%	14.30%

See accompanying note to required supplementary information.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of the District's Proportionate Share of the Net Pension Liability**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

**Changes in Assumptions**

The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

**Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2018, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Classified salaries	\$ 2,778,255	\$ 2,812,714	\$ 34,459
Employee benefits	\$ 3,303,928	\$ 3,816,747	\$ 512,819
Other outgo			
Excluding transfers of indirect costs	\$ 199,169	\$ 208,167	\$ 8,998
Transfers of indirect costs	\$ (40,373)	\$ (38,011)	\$ 2,362
Charter Schools Special Revenue Fund			
Fund Balance - Ending	\$ 251,759	\$ 314,796	\$ 63,037

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# **SUPPLEMENTARY INFORMATION**

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**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 336,439
Title II, Part A, Teacher Quality	84.367	14341	83,038
Title III			
Title III, English Learner Student Program	84.365	14346	22,947
Title III, Immigrant Education Program	84.365	15146	3,780
Subtotal Title III			<u>26,727</u>
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	359,310
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	22,415
IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	84.027A	13682	46,424
Subtotal Special Education Cluster			<u>428,149</u>
<b>Total U. S. Department of Education</b>			<u>874,353</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster [1]			
School Breakfast Program - Needy	10.553	13526	248,105
National School Lunch Program	10.555	13391	599,426
USDA Commodities [2]	10.555	*	70,175
Subtotal Child Nutrition Cluster			<u>917,706</u>
CACFP Claims - Centers and Family Day Care	10.558	13393	14,909
<b>Total U. S. Department of Agriculture</b>			<u>932,615</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Administrative Activities	93.778	10060	39,261
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>39,261</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,846,229</u>

[1] - Major Program

[2] - In-Kind Contribution

\* - Pass-Through Entity Identifying Number not available or not applicable

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2018**

**BELLEVUE UNION SCHOOL DISTRICT**

	<b>Second Period Report ABD74058</b>	<b>Revised Second Period Report*</b>	<b>Annual Report 49E24C5A</b>	<b>Revised Annual Report*</b>
TK/K through Third				
Regular ADA	925.73	925.97	928.96	928.96
Special Education - Nonpublic Schools	3.86	3.86	-	4.56
Extended Year Special Education - Nonpublic Schools	0.13	0.13	0.13	0.13
Total TK/K through Third	929.72	929.96	929.09	933.65
Fourth through Sixth				
Regular ADA	670.70	670.54	671.16	671.16
Special Education - Nonpublic Schools	6.70	6.70	-	5.98
Extended Year Special Education - Nonpublic Schools	0.15	0.15	0.15	0.15
Total Fourth through Sixth	677.55	677.39	671.31	677.29
TOTAL SCHOOL DISTRICT	1,607.27	1,607.35	1,600.40	1,610.94

\*The P2 and Annual Attendance reports have not yet been revised to correct the errors noted. See Finding #2018-008.

**CHARTER SCHOOL - STONY POINT ACADEMY**

	<b>Second Period Report 54A61394</b>	<b>Annual Report 8797BD46</b>
Classroom-based Seventh through Eighth		
Regular ADA	74.62	74.81
Total Classroom-based Seventh through Eighth	74.62	74.81
Classroom-based Ninth through Twelfth		
Regular ADA	62.54	61.53
Total Classroom-based Ninth through Twelfth	62.54	61.53
TOTAL CLASSROOM-BASED ADA CHARTER SCHOOL	137.16	136.34
Non Classroom-based TK/K through Third		
Regular ADA	0.66	1.02
Total Non Classroom-based TK/K through Third	0.66	1.02
Non Classroom-based Fourth through Sixth		
Regular ADA	0.19	0.63
Total Non Classroom-based Fourth through Sixth	0.19	0.63
Non Classroom-based Seventh through Eighth		
Regular ADA	1.31	2.04
Total Non Classroom-based Seventh through Eighth	1.31	2.04
Non Classroom-based Ninth through Twelfth		
Regular ADA	1.67	2.84
Total Non Classroom-based Ninth through Twelfth	1.67	2.84
TOTAL NON CLASSROOM-BASED ADA CHARTER SCHOOL	3.83	6.53

See accompanying note to supplementary information.



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2018**

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**BELLEVUE UNION SCHOOL DISTRICT**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2017-18 Actual</b>	<b>Number of Days</b>	<b>Status</b>
		<b>Minutes</b>		
Kindergarten	36,000	58,190	180	Complied
Grade 1	50,400	54,775	180	Complied
Grade 2	50,400	54,775	180	Complied
Grade 3	50,400	54,775	180	Complied
Grade 4	54,000	54,775	180	Complied
Grade 5	54,000	54,775	180	Complied
Grade 6	54,000	54,775	180	Complied

**CHARTER SCHOOL - STONY POINT ACADEMY**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2017-18 Actual</b>	<b>Number of Days</b>	<b>Status</b>
		<b>Minutes</b>		
Grade 7	54,000	73,820	180	Complied
Grade 8	54,000	73,820	180	Complied
Grade 9	64,800	79,840	180	Complied
Grade 10	64,800	79,840	180	Complied
Grade 11	64,800	79,840	180	Complied
Grade 12	64,800	79,840	180	Complied

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

	2019 (Budget)	2018	2017	2016
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 22,630,140	\$ 22,672,504	\$ 24,468,452	\$ 23,870,412
Expenditures And Other Financing Uses	21,556,377	21,756,078	2,689,169	24,449,473
Net change in Fund Balance	\$ 1,073,763	\$ 916,426	\$ 21,779,283	\$ (579,061)
Ending Fund Balance	\$ 2,927,941	\$ 1,854,178	\$ 937,752	\$ 3,359,469
Available Reserves*	\$ 2,393,125	\$ 710,088	\$ 655,280	\$ 2,737,259
Available Reserves As A Percentage Of Outgo	11.10%	3.26%	24.37%	11.20%
Long-term Debt	\$ 62,849,934	\$ 63,697,647	\$ 55,810,050	\$ 52,214,501
Average Daily Attendance At P-2	1,607	1,748	1,793	1,707

The General Fund balance has decreased by \$1,505,291 over the past two years. The fiscal year 2018-19 budget projects an increase of \$1,073,763. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in two of the past three years and anticipates incurring an operating surplus during the 2018-19 fiscal year. Total long-term obligations have increased by \$11,483,146 over the past two years.

Average daily attendance has increased by 41 ADA over the past two years. A decrease of 141 ADA is anticipated during the 2018-19 fiscal year. This decrease is largely due to the closure of Stony Point Academy.

\*Available reserves consist of all unassigned fund balance within the General Fund.

\*\*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<b>General Fund</b>	<b>Deferred Maintenance Fund</b>
June 30, 2018, annual financial and budget report fund balance	\$ 1,854,178	\$ 40,940
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	40,940	(40,940)
Net adjustments and reclassifications	40,940	(40,940)
June 30, 2018, audited financial statement fund balance	\$ 1,895,118	\$ -

See accompanying note to supplementary information.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2018**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
1511	Stony Point Academy	Active*	Yes

\*Stony Point Academy was active during the 2017-18 year, but closed June 30, 2018

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2018**

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	Child Development Fund		Cafeteria Fund		Capital Facilities Fund		County School Facilities Fund		Non-Major Governmental Funds	
<b>ASSETS</b>										
Cash and investments	\$	13,476	\$	6,946	\$	398,774	\$	6	\$	419,202
Accounts receivable		55,556		374,258		9,467		-		439,281
Due from other funds		-		980		-		-		980
<b>Total Assets</b>	\$	69,032	\$	382,184	\$	408,241	\$	6	\$	859,463
<b>LIABILITIES</b>										
Accrued liabilities	\$	68,324	\$	4,413	\$	189	\$	-	\$	72,926
Due to other funds		708		133,011		-		-		133,719
<b>Total Liabilities</b>		69,032		137,424		189		-		206,645
<b>FUND BALANCES</b>										
Non-spendable		-		1,000		-		-		1,000
Restricted		-		243,760		408,052		6		651,818
<b>Total Fund Balances</b>		-		244,760		408,052		6		652,818
<b>Total Liabilities and Fund Balance</b>	\$	69,032	\$	382,184	\$	408,241	\$	6	\$	859,463

See accompanying note to supplementary information.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>					
Federal sources	\$ -	\$ 932,615	\$ -	\$ -	\$ 932,615
Other state sources	864,617	64,596	-	-	929,213
Other local sources	587	33,202	221,408	-	255,197
<b>Total Revenues</b>	<b>865,204</b>	<b>1,030,413</b>	<b>221,408</b>	<b>-</b>	<b>2,117,025</b>
<b>EXPENDITURES</b>					
Current					
Instruction	864,617	-	-	-	864,617
Pupil services					
Food services	-	1,045,157	-	-	1,045,157
General administration					
All other general administration	-	38,011	-	-	38,011
Plant services	-	-	1,097	-	1,097
Facilities acquisition and maintenance	-	-	(7,453)	-	(7,453)
Transfers to other agencies	-	-	95,123	-	95,123
<b>Total Expenditures</b>	<b>864,617</b>	<b>1,083,168</b>	<b>88,767</b>	<b>-</b>	<b>2,036,552</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>587</b>	<b>(52,755)</b>	<b>132,641</b>	<b>-</b>	<b>80,473</b>
<b>Other Financing Sources (Uses)</b>					
Transfers out	(708)	-	-	-	(708)
<b>Net Financing Sources (Uses)</b>	<b>(708)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(708)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(121)</b>	<b>(52,755)</b>	<b>132,641</b>	<b>-</b>	<b>79,765</b>
<b>Fund Balance - Beginning</b>	<b>121</b>	<b>297,515</b>	<b>275,411</b>	<b>6</b>	<b>573,053</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ 244,760</b>	<b>\$ 408,052</b>	<b>\$ 6</b>	<b>\$ 652,818</b>

See accompanying note to supplementary information.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2018**

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

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Stephanie Merida – Grant	President	December 2018
Lisa Reyes	Vice-President	December 2018
Victor Ayala	Trustee	December 2018
John Jarvis	Trustee	December 2018
Adele Walker	Trustee	December 2020

**DISTRICT ADMINISTRATORS**

David Alexander  
*Superintendent*

Chris Kim  
*Chief Business Official*

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2018 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2018.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 2,032,822
Qualified School Construction Bond Interest Subsidiary	N/A	<u>(186,593)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 1,846,229</u>

The District has not elected to use the 10 percent de minimis indirect cost rate.

**Schedule of Average Daily Attendance (ADA)**

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

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46208. During the year ended June 30, 2018, the District participated in the Longer Day incentive funding program. As of June 30, 2018, the District had not yet met its target funding.



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION, continued**  
**JUNE 30, 2018**

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of Financial Trends and Analysis**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

**Combining Statements – Non-Major Funds**

These statements provide information on the District's non-major funds.

**Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**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**

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

Governing Board  
Bellevue Union Elementary School District  
Santa Rosa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellevue Union Elementary School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Bellevue Union Elementary School District's basic financial statements, and have issued our report thereon dated December 14, 2018.

**Internal Control over Financial Reporting**

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

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

**Corporate Office:**

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*Licensed by the California  
State Board of Accountancy*

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies. (Findings #2018-001 through #2018-005)

### **Compliance and Other Matters**

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

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

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

### **Purpose of this Report**

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



San Diego, California  
December 14, 2018

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

Governing Board

Bellevue Union Elementary School District

Santa Rosa, California

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

We have audited Bellevue Union Elementary School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bellevue Union Elementary School District's major federal programs for the year ended June 30, 2018. Bellevue Union Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with 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 Bellevue Union Elementary School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bellevue Union Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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State Board of Accountancy*

### ***Opinion on Each Major Federal Program***

In our opinion, Bellevue Union Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of Bellevue Union Elementary School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bellevue Union Elementary School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Bellevue Union Elementary 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



San Diego, California  
December 14, 2018

## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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LOS ANGELES

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*State Board of Accountancy*

Governing Board

Bellevue Union Elementary School District

Santa Rosa, California

### **Report on State Compliance**

We have audited Bellevue Union Elementary School District's compliance with the types of compliance requirements described in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810 that could have a direct and material effect on each of Bellevue Union Elementary School District's state programs for the fiscal year ended June 30, 2018, as identified below.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Bellevue Union Elementary School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Bellevue Union Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on State Compliance***

In our opinion, Bellevue Union Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2018-006 through #2018-009. Our opinion on state compliance is not modified with respect to these matters.

Bellevue Union Elementary School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Bellevue Union Elementary School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Procedures Performed***

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

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes



*Procedures Performed (continued):*

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	No
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Yes
Charter School Facility Grant Program	Not Applicable

We did not perform testing for non-classroom based instruction/independent study because the ADA reported did not meet the threshold requiring testing.

*Christy White Associates*

San Diego, California  
December 14, 2018

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**SUMMARY OF AUDITORS' RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
10.555 & 10.553	Child Nutrition Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

**FINDING #2018-001: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)**

**Criteria:** Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

**Condition:** Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

- Income statements or transaction summaries for the 2017-18 year were not available for review at Taylor Mountain Elementary and Stony Point Academy.
- Bank reconciliations were not performed for June 30, 2018 for Kawana Springs Academy and Stony Point Academy.

**Cause:** Insufficient financial controls over student body activities.

**Effect:** The potential for irregularities in accounting to go undetected.

**Context:** Testing was performed at a sample of the District's student body accounts.

**Recommendation:** We recommend that all sites that operate an ASB be able to produce an income statement or transaction summary over a given time period. In addition, bank reconciliations should be performed on a monthly basis. The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

**Corrective Action Plan:** The District Office will develop a business procedure on behalf of the School Sites with template income statements and transaction summaries. Bank reconciliations by the School Site will be compiled by the District Office on a quarterly basis. The District will provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual as a point of reference.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2018-002 – BIDDING PROCEDURES (30000)**

**Criteria:** *Public Contract Code (PCC)* requires school district governing boards to competitively bid and award any construction contracts involving an expenditure of more than \$15,000, adjusted for inflation, to the lowest responsible bidder.

**Condition:** Upon review of projects for the 2017-18 year, the district did not follow Public Contract Code regarding bidding procedures.

**Cause:** Inconsistent procedures involving bid practices.

**Effect:** If the District does not consistently follow *PCC* then contracts may get awarded to a vendor that was not the lowest responsible bidder and may end up causing the District to pay more for services or products and be out of compliance with *PCC*. In addition, the risk for fraud and material misstatement is increased.

**Context:** Audit of 1 project that went to bid resulted in the deficiencies noted above.

**Recommendation:** We recommend the District review their bid procedures to ensure that all contracts required to go to bid, do go to bid and all bids are awarded to the appropriate vendor. If the lowest bidder is not selected, then documentation around disqualification of the vendor must be on file.

**Corrective Action:** The District will review its bid procedures to ensure that all contracts required to go to bid follow the protocols established under the public contract code. The guidelines will be reviewed with the members of the District's business leadership team during subsequent cabinet meetings.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2018-003: CASH RECEIPTS INTERNAL CONTROL (30000)**

**Criteria:** Proper internal controls over cash receipts and revenue require proper supporting documentation to substantiate the expending or receipt of District funds. In addition, deposits should be made in a timely manner.

**Condition:** During our testing of internal control procedures related to cash receipting at the district level we noted deficiencies in internal controls regarding best business practices.

We noted the following internal control weaknesses:

- We noted deficiencies in the supporting documentation to support cash receipts and revenue. In most cases these transactions only had support from the financial system.
- Four (4) out of twenty-five (25) receipts selected for testing were not deposited in a timely manner.

**Context:** The audit included an evaluation of internal control procedures over cash receipts and revenue testing at the District Office.

**Cause:** Inadequate controls and monitoring over the cash receipt and revenue cycle.

**Effect:** Deficiencies in internal controls related to cash receipting procedures could lead to inaccuracies or increase the risk of misappropriation of funds.

**Recommendation:** We recommend to management to implement a process for issuing that all cash receipt and revenue are supported by adequate supporting documentation in addition to the recording of these items in the financial system. In addition, we recommend that deposits be made in a timely manner.

**Corrective Action Plan:** The District's Chief Business Official will take direct ownership over this process from the Business Department and implement an updated procedure for issuing cash receipts which include the inclusion of adequate supporting documentation, recording of records in the financial information system, and timely depositing of funds.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**FINANCIAL STATEMENT FINDINGS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2018-004: CONTROLS OVER DISTRICT CREDIT CARDS (30000)**

**Criteria:** The District should maintain and enforce credit card policies that contain procedures for proper approvals and uses of District credit cards. District credit card policies and procedures should enforce the following:

- Only authorized users are provided with and may use the credit cards.
- Deadlines for submitting proper expenditure support are met along with adequate support for the purchase.
- Prior approvals for purchases are obtained and documented.
- The Business Services department is monitoring monthly expenditures for appropriateness and reasonableness.

**Condition:** Through our test of internal controls over credit cards, we noted 7 of 25 credit cards transactions tested were missing receipts to support the transactions.

**Context:** 25 credit card transactions were tested during the months of August 2017, September 2017, January 2018, February 2018, March 2018 and April 2018.

**Cause:** Policies in place are not adequately designed or implemented.

**Effect:** There is a risk of fraud and abuse of District funds through unauthorized credit card purchases.

**Recommendations:** We recommend that the District strengthen their current credit card use policy. Credit card holders should be aware of the requirements for use of credit cards including the approval of credit card purchases, submission of credit card receipts, and monthly reconciliations and monitoring of the credit card purchases by the Business Office.

**Corrective Action Plan:** The District will establish updated credit card use procedures that guide monthly reconciliation of receipts and monitoring of credit card purchases.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**FINANCIAL STATEMENT FINDINGS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2018-005: INTERNAL CONTROLS OVER CASH DISBURSEMENTS (30000)**

**Criteria:** Expenditures processed through the warrant disbursement process should obtain proper approval and funds should be encumbered prior to purchases of goods or services. For proper budgeting practices, the District should also be monitoring any open purchase orders to verify total approved purchase order amount is not exceeded. In addition, purchases should be properly coded to allocate expenditures accurately to the District's various educational programs.

**Condition:** During our testing of internal control procedures related to cash disbursements at the district level we noted deficiencies in internal controls regarding best business practices.

We noted four (4) out of twenty-five (25) disbursements tested had purchase orders dated after the invoice date.

**Context:** The audit included an evaluation of internal control procedures over cash disbursements at the District Office.

**Cause:** Inadequate controls and monitoring over the cash disbursement cycle. Supporting documentation for expenditures was kept in multiple locations within the District Office rather than one centralized location.

**Effect:** The possibility to circumvent the purchasing process and not encumber funds or obtain required approvals. Potential for inappropriate or unapproved use of District funds and errors in accounting records related to expenditures.

**Recommendation:** We recommend that all purchases be substantiated by completed purchase orders before the disbursement of funds are made. We recommend that all supporting documentation for cash disbursements be easily accessible and readily available. Filing of Accounts Payable back-up should be in a centralized location so that all support is easy to access and is available for review. Supporting documentation for cash disbursements should include the following (at a minimum): 1) copy of warrant, 2) complete itemized invoice or receipt, and 3) purchase order.

**Corrective Action Plan:** The District will work to ensure that all purchase orders are filed in a readily accessible location prior to the disbursement of funds. The Business Office shall establish a procedure that ensures the following three documents are always included: (1) A copy of the warrant, (2) itemized invoice, and (3) purchase order.



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

*There were no federal award findings and questioned costs for the year ended June 30, 2018.*

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

**FINDING #2018-006: INSTRUCTIONAL MATERIALS (70000)**

**Criteria:** Per Education Code Section 60119, the public hearing for instructional materials must occur on or before the end of the eighth week from the first day pupils attended school for that year.

**Condition:** The District's public hearing for instructional materials occurred on October 7, 2018, which is after the eighth week from the first day of school year.

**Cause:** There were changes in personnel during this time which may have contributed to the late timing of the hearing.

**Effect:** The District is not in compliance with California Education Code Section 60119.

**Context:** The instructional materials public hearing was reviewed for Bellevue Union School District for the 2017-18 year.

**Questioned Costs:** Funding for this program has ended, thus there are no questioned costs related to instructional materials.

**Recommendation:** We recommend that the District comply with Education Code Section 60119 in the future and ensure that the public hearing for instructional materials occurs on or before the end of the eighth week from the first day pupils attended school for that year.

**Corrective Action Plan:** The District will work to schedule a public hearing for instructional materials prior to the end of the 8th week from the first day pupils attend school for the year.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2018-007: CLASSROOM TEACHER SALARIES (61000)**

**Criteria:** As set forth in California Education Code section 41372, an elementary school district should expend a minimum of 60% of the District's current expenses of education towards salaries of classroom teachers.

**Condition:** In the 2017-18 fiscal year, Bellevue Union Elementary School District did not meet the minimum percentage requirement.

**Cause:** The District has not met this requirement for the 2017-18 year. There recently was turnover in the District Office.

**Context:** The minimum percentage required by the State of California is 60% for an Elementary School District. Bellevue Union Elementary School District only spent 59.67% on classroom teacher salaries in the 2017-18 fiscal year.

**Effect:** The District's current expense of education for the year audited June 30, 2018 was \$16,493,460.99 and the total salaries and benefits for classroom teachers was \$9,841,952.05. The District was below the minimum required percentage of 60% by 0.33% which calculates out to a deficiency of \$54,428.42.

**Questioned Costs:** The questioned costs are the deficiency of \$54,428.42.

**Recommendations:** We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 60% minimum requirement and to be in compliance with Education Code section 41372.

**Corrective Action Plan:** The District reduced its administrative overhead cost related to non-classroom salaries as part of its 2018-19 spending reduction plan. It is projected that the District will meet the 60% minimum percentage requirement in subsequent years.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING 2018-008: ATTENDANCE REPORTING (10000)**

**Criteria:** The Second Period and Annual Attendance reports submitted to the California Department of Education (CDE) should reconcile to the supporting documents that support the local education agency's Average Daily Attendance (ADA) in accordance with California Education Code Section 46000 et seq.

**Condition:** During the testing of average daily attendance for the District's second reporting period, the auditor noted the following:

- Regular ADA: Total net understatement of 0.08 ADA, resulting from 0.24 ADA understatement in Grades TK/K-3 and 0.16 overstatement in Grades 4-6.

During the testing of average daily attendance for the District's annual reporting period, the auditor noted the following:

- Special Education – Nonpublic Schools: Total net understatement of 10.54 ADA, resulting from 4.56 ADA understatement in Grades TK/K-3 and 5.98 understatement in Grades 4-6.

**Cause:** Controls over attendance reporting are not in place to assure that the amounts reported on the Second Period Report and Annual Report are accurate.

**Effect:** Incorrect reporting of Regular ADA in the Second Period Report and Special Education – Nonpublic Schools ADA in the Annual Report can result in noncompliance with state regulations.

**Questioned Costs:** The fiscal impact is \$820.26 due to the District, as calculated in the table below. The errors noted for the District's P2 Attendance Report have not been revised to reflect the revised P2 report listed on the Schedule of Average Daily Attendance.

	P2 ADA	2017-18	
	Understatement	Derived Value of	Questioned
	(Overstatement)	ADA by Grade Span	Cost
Grade TK-3	0.24	\$ 9,506.17	\$ 2,281.48
Grade 4-6	(0.16)	\$ 9,132.64	(1,461.22)
Total	0.08	Total	\$ 820.26

There is no question cost related to the error noted for the Annual Attendance Report since the District is not funded on Annual Attendance. The District's Annual Attendance Report has not been revised to reflect the revised Annual report listing on the Schedule of Average Daily Attendance.

**Recommendation:** We recommend that proper procedures be established to ensure that the data within the attendance system and data reported on the Second Period Attendance Report are accurate.

**Corrective Action Plan:** The District will review its attendance reporting procedures with each Site and ensure that monthly reconciliations are performed.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2018-009: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

**Criteria:** Students classified as free or reduced-price meal eligible (FRPM) (who are not directly certified) and/or English Learner on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

**Condition:** The following errors were noted during the testing of the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report for Stony Point Academy:

- 1 out of 4 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as FRPM and English Learner was not properly designated as FRPM or English Learner. This error rate was extrapolated to the population of the test resulting in a total error of 4 students.
- 1 out of 4 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as English Learner was not properly designated as an English Learner. This error rate was extrapolated to the population of the test resulting in a total error of 3 students.

Combining the two exceptions noted above, this resulted in a total error of 7 students that were not properly classified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report.

**Cause:** Incorrect classification of students. This error was noted due to the fact that Stony Point Academy closed on June 30, 2018 and documentation could not be located.

**Effect:** The District is not in compliance with State requirements.

**Context:** 7 of 282 (84 in 2015-16, 94 in 2016-17, and 104 in 2017-18) students reported in Stony Point Academy's Unduplicated Pupil Count did not have proper supporting documentation to support their FRPM designation.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**STATE AWARD FINDINGS AND QUESTIONED COSTS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2018-009: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**  
**(continued)**

**Questioned Cost:** \$6,268, as calculated below:

<b>UPP Audit Adjustment</b>					
1	Total Adjusted Enrollment from the UPP exhibit as of P-2				387
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2				283
3	Audit Adjustment - Number of Enrollment				
4	Audit Adjustment - Number of Unduplicated Pupil Count				(7)
5	Revised Adjusted Enrollment				387
6	Revised Adjusted Unduplicated Pupil Count				276
7	UPP calculated as of P-2				0.7313
8	Revised UPP for audit finding				0.7132
9	<b>Charter Schools Only:</b> Determinative School District Concentration Cap				<b>0.9048</b>
10	Revised UPP adjusted for Concentration Cap				<b>0.7132</b>
<b>LCFF Target Supplemental Grant Funding Audit Adjustment</b>		<b>TK/K-3</b>	<b>4-6</b>	<b>7-8</b>	<b>9-12</b>
9	Supplemental and Concentration Grant ADA	0.66	0.19	75.93	64.21
10	Adjusted Base Grant per ADA	\$7,941	\$7,301	\$7,518	\$8,939
11	Target Supplemental Grant Funding calculated as of P-2				\$168,410
12	Revised Target Supplemental Grant Funding for audit finding				\$164,243
13	Target Supplemental Grant Funding audit adjustment				<b>(\$4,167)</b>
<b>LCFF Target Concentration Grant Funding Audit Adjustment</b>					
14	Target Concentration Grant Funding calculated as of P-2				\$104,379
15	Revised Target Concentration Grant Funding for audit finding				\$93,958
16	Target Concentration Grant Funding audit adjustment				<b>(\$10,421)</b>
<b>Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target</b>					
18	Total Target Supplemental and Concentration audit adjustment				<b>(\$14,588)</b>
<b>Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap</b>					
19	Statewide Gap Funding Rate as of P-2				0.4296644273
20	Estimated Cost of Unduplicated Pupil Count audit adjustment				<b>(\$6,268)</b>

**Recommendation:** We recommend that the District ensure that all students listed as FRPM or EL in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report have proper documentation to support their CALPADS designation.

**Corrective Action Plan:** The District will review its CalPADS reporting procedures to ensure that proper supporting documentation is tagged to each student designation.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-001: INTERNAL CONTROLS OVER PAYROLL (30000)**

**Criteria:** Maintaining sound internal control procedures over payroll require the District to ensure that terminated employees are removed from the payroll system on a timely basis and that all personnel files are complete.

**Condition:** One (1) out of five (5) employees selected for testing was not removed from the payroll system on a timely basis. One (1) out of twenty-five (25) employees selected for testing did not have a personnel file.

**Context/Perspective:** The audit included an evaluation of internal control procedures over payroll at the District Office.

**Effect:** The potential for irregularities and missing documentation in payroll.

**Cause:** Insufficient controls over payroll terminations and personnel files.

**Recommendation:** We recommend that procedures be implemented to ensure that terminated employees are removed from the payroll system in a timely manner. Communication between human resources and payroll should occur regularly to ensure that the payroll department knows to remove terminated employees. Additionally, we recommend that procedures be implemented to ensure that each District employee has a complete personnel file.

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

**Current Status:** Implemented.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-002: INTERNAL CONTROLS OVER CASH DISBURSEMENTS (30000)**

**Criteria:** Expenditures processed through the warrant disbursement process should obtain proper approval and funds should be encumbered prior to purchases of goods or services. For proper budgeting practices, the District should also be monitoring any open purchase orders to verify total approved purchase order amount is not exceeded. In addition, purchases should be properly coded to allocate expenditures accurately to the District's various educational programs.

**Condition:** During our testing of internal control procedures related to cash Disbursements at the district level we noted deficiencies in internal controls regarding best business practices.

We noted the following internal control weaknesses:

- Six (6) out of twenty-five (25) disbursements tested had purchase orders dated after the invoice date.
- Three (3) out of twenty-five (25) disbursements selected for testing were unable to be tested because the supporting documentation was not available to review.
- Two expenditures related to the educating of a Stony Point Academy Non-Public School student was incorrectly coded to the General Fund rather than the Charter School Fund. These total of these two expenditures were \$5,772.29

**Perspective/Context:** The audit included an evaluation of internal control procedures over cash disbursements at the District Office.

**Cause:** Inadequate controls and monitoring over the cash disbursement cycle. Supporting documentation for expenditures were kept in multiple locations within the District Office rather than one centralized location.

**Effect:** The possibility to circumvent the purchasing process and not encumber funds or obtain required approvals. Potential for inappropriate or unapproved use of District funds and errors in accounting records related to expenditures.

**Recommendation:** We recommend that all purchases be substantiated by completed purchase orders before the disbursement of funds are made. We recommend that all supporting documentation for cash disbursements be easily accessible and readily available. Filing of Accounts Payable back-up should be in a centralized location so that all support is easy to access and is available for review. Supporting documentation for cash disbursements should include the following (at a minimum): 1) copy of warrant, 2) complete itemized invoice or receipt, and 3) purchase order.

**District Response:** The District agrees with the finding and has already begun implementing the recommendation of the auditor.

**Current Status:** Partially implemented, See Finding #2018-005



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-003: CASH RECEIPTS INTERNAL CONTROL (30000)**

**Criteria:** Proper internal controls over cash receipts require proper supporting documentation to substantiate the expending or receipt of District funds.

**Condition:** During our testing of internal control procedures related to cash receipting at the district level we noted deficiencies in internal controls regarding best business practices.

We noted the following internal control weaknesses:

- Seven (7) out of twenty-five (25) receipts selected for testing did not have supporting documentation to verify the receiving of these funds and support depositing of these funds.

**Perspective/Context:** The audit included an evaluation of internal control procedures over cash receipts at the District Office.

**Cause:** Inadequate controls and monitoring over the cash receipt cycle.

**Effect:** Deficiencies in internal controls related to cash receipting procedures could lead to inaccuracies or increase the risk of misappropriation of funds.

**Recommendation:** We recommend to management to implement a process for issuing sequentially numbered receipts or log book for all local proceeds running through the District Office and related sites. If a receipt book is used, three copies of each receipt should be produced (customer copy, deposit backup copy, receipt book copy) in order for a proper audit trail to be established. In addition, this will help ensure all customers receive proof of payment once they have paid, which will help avoid any subsequent discrepancies. Proper cash receipting helps to mitigate the risk related to any missing or misplaced proceeds.

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

**Current Status:** Partially implemented, see Finding #2018-003.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-004: ASSOCIATED STUDENT BODY INTERNAL CONTROLS (30000)**

**Criteria:** Maintaining sound internal control procedures over bank reconciliations and bank accounts reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

**Condition:** Through our testing of the school site ASB accounts, we noted the following internal control deficiencies related to the ASB bank account signors and the bank reconciliation procedures:

*Taylor Mountain Elementary School*

- ASB bookkeeper is one of the two authorized signors on the ASB bank account.
- There is no review of the monthly bank reconciliations.

In addition, bank reconciliations for June 30, 2017 were not prepared for Stony Point Academy and Kawana Elementary School.

**Perspective/Context:** The audit included testing of the District's associated student body accounts.

**Cause:** Insufficient controls over the associated student body accounts.

**Effect:** The potential for irregularities in accounting to go undetected.

**Recommendation:** We recommend that the District implement procedures to ensure the preparation and review of bank reconciliations is done in a timely manner. Additionally, we recommend the authorized signors of the ASB bank account be an employee that does not have direct access to the ASB financials

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

**Current Status:** Partially implemented, see Finding #2018-001.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-005: BANK RECONCILIATIONS (30000)**

**Criteria:** Internal controls over bank accounts and reconciliations are important to ensure that the District's financial statements are free of material misstatement.

**Condition:** During our testing of the District's bank accounts and reconciliations, we noted that the cafeteria bank account did not have a proper bank reconciliation prepared.

**Perspective/Context:** Testing of District's bank accounts and reconciliations for the year under audit.

**Cause:** Lack of oversight over District bank accounts and reconciliations.

**Effect:** Risk of material misstatement.

**Recommendation:** Sound internal controls and oversight should be put into place to review all activity related to the District's bank accounts and reconciliations.

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

**Current Status:** Implemented.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-006: CONTROLS OVER CHANGE ORDERS (30000)**

**Criteria:** Internal controls over change orders and District Board Policy require that all change orders be presented to the Board for review and approval.

**Condition:** During our testing, we identified that change orders executed during the 2016-17 were not presented to the Board for review and approval.

**Perspective/Context:** Review of change orders executed during the 2016-17 fiscal year.

**Cause:** Lack of oversight over construction related to change orders.

**Effect:** Potential for excessive change orders to be processed without the Boards approval and review if projects should be re-bid.

**Recommendation:** Sound internal controls and oversight should be put into place to review and approve change orders. A District representative should review all change orders and present to the Board for final approval before processing payment. We recommend that support for Board approval of change orders accompany the payment of change orders.

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

**Current Status:** Implemented.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-007: P2 AND ANNUAL ATTENDANCE REPORTING (10000)**

**State Funding Source:** Local Control Funding Formula (LCFF) Entitlement

**Criteria:** The Second Period and Annual Attendance Reports submitted to the California Department of Education (CDE) should reconcile to the supporting documentation that support the local education agency's Average Daily Attendance (ADA) in accordance with *California Education Code Section 46000 et seq.* Amounts reported to the CDE for the Second Period and Annual Attendance Reports are supported by written contemporaneous documentation that is accurate and reported in accordance with *California Education Codes Section 41601.*

**Condition:** During the testing of Average Daily Attendance (ADA) for the District's Second Period and Annual Attendance Reports, we noted that the ADA for a Stony Point Academy student was incorrectly reported on the Bellevue Union School District P2 and Annual Attendance Report. This resulted in an overstatement of ADA for Bellevue Union School District's P2 and Annual Attendance Report and an understatement of the P2 and Annual Attendance Reports for Stony Point Academy. The auditor noted the following:

*Second Period Attendance Report*

- **Special Education – Nonpublic Schools:** Total net overstatement of 0.58 ADA, resulting from 0.58 ADA overstated in grades 7-8.
- **Extended Year Special Education – Nonpublic Schools:** Total net overstatement of 0.10 ADA, resulting from 0.10 ADA overstated in grades 7-8.

*Annual Attendance Report*

- **Special Education – Nonpublic Schools:** Total net overstatement of 0.42 ADA, resulting from 0.42 ADA overstated in grades 7-8.
- **Extended Year Special Education – Nonpublic Schools:** Total net overstatement of 0.10 ADA, resulting from 0.10 ADA overstated in grades 7-8.

During the testing of Average Daily Attendance (ADA) for the Stony Point Academy's Second Period and Annual Attendance Reports, auditor noted the following:

*Second Period Attendance Report*

- **Special Education – Nonpublic Schools:** Total net understatement of 0.58 ADA, resulting from 0.58 ADA understated in grades 7-8.
- **Extended Year Special Education – Nonpublic Schools:** Total net understatement of 0.10 ADA, resulting from 0.10 ADA understated in grades 7-8.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-007: P2 AND ANNUAL ATTENDANCE REPORTING (10000) (continued)**

**Condition (continued):**

Stony Point Academy, continued

*Annual Attendance Report*

- **Special Education – Nonpublic Schools:** Total net understatement of 0.42 ADA, resulting from 0.42 ADA understated in grades 7-8.
- **Extended Year Special Education – Nonpublic Schools:** Total net understatement of 0.10 ADA, resulting from 0.10 ADA understated in grades 7-8.

**Cause:** Controls over attendance reporting are not in place to assure that the ADA amounts reported on the Second Period and Annual Attendance Reports is accurate.

**Effect:** Incorrect reporting of ADA in the Second Period and Annual Attendance Reports can result in noncompliance with state regulations.

**Questioned Cost:** The errors noted for the District and Charter School's P2 and Annual report have not been revised, as shown in the revised P2 and Annual reports.

Bellevue Union School District, overstatement:

Grade Span	P2 ADA	Annual ADA	2016-17 Adjusted Base Grant per ADA	Questioned Cost
7-8	(0.68)	(0.52)	\$ 7,403	\$ (8,883.60)

Stony Point Academy, understatement:

Grade Span	P2 ADA	Annual ADA	2016-17 Adjusted Base Grant per ADA	Questioned Cost
7-8	0.68	0.52	\$ 7,403	\$ 8,883.60

The net questioned cost is \$0.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-007: P2 AND ANNUAL ATTENDANCE REPORTING (10000) (continued)**

**Recommendation:** We recommend that proper procedures be established to ensure that the data reported on the Second Period and Annual Attendance Reports are accurate and capture the correct ADA amounts for the District and the Charter school.

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

**Current Status:** Not implemented, see Finding #2018-008.

**FINDING #2017-008: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

**Criteria:** Students classified as Free or Reduced Priced Meal (FRPM) and who are not directly certified on the CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* Report, must have supporting documentation to justify the student’s designation. The unduplicated local control funding formula pupil county affects the percentage used as data in calculating Local Control Funding Formula (LCFF) apportionment. Auditors are required to verify compliance with *California Education Code Section 42238.02(b)(3)(B)* in Section W of the 2016-17 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**Condition:** 1 out of 1 pupil tested from the CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* Report who was incorrectly listed under NPS School Group for Bellevue Union Elementary School. This pupil should have been listed under NPS School Group for the Charter School, Stony Point Academy.

**Perspective/Context:** 1 out of 1 student reported as FRPM eligible was incorrectly reported in CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* Report for Bellevue Union School District. This student should have been reported in the CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* Report for Stony Point Academy. The CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* Report for Bellevue Union Elementary School District was overstated, while the CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* Report for Stony Point Academy was understated.

**Cause:** Lack of adequate oversight and familiarity with CALPADS requirements.

**Effect:** The District is not in compliance with applicable state requirements.

**Questioned Cost:** The \$287 overstatement for Bellevue Union Elementary School and the \$370 understatement for Stony Point Academy results in \$83 net questioned costs understatement. See calculations on the following pages.

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-008: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)**

**Questioned Cost (continued):**

Bellevue Union School District

UPP Audit Adjustment					
1	Total Adjusted Enrollment from the UPP exhibit as of P-2	4,575			
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-	4,157			
3	Audit Adjustment - Number of Enrollment	-			
4	Audit Adjustment - Number of Unduplicated Pupil Count	(1)			
5	Revised Adjusted Enrollment	4,575			
6	Revised Adjusted Unduplicated Pupil Count	4,156			
7	UPP calculated as of P-2	0.9086			
8	Revised UPP for audit finding	0.9084			
9	<b>Charter Schools Only:</b> Determinative School District Concentration Cap	-			
10	Revised UPP adjusted for Concentration Cap	0.9084			
LCFF Target Supplemental Grant Funding Audit Adjustment		TK/K-3	4-6	7-8	9-12
9	Supplemental and Concentration Grant ADA	1,007.76	680.94	0.68	0.00
10	Adjusted Base Grant per ADA	\$7,820	\$7,189	\$7,403	\$8,801
11	Target Supplemental Grant Funding calculated as of P-2	\$2,322,563			
12	Revised Target Supplemental Grant Funding for audit finding	\$2,322,052			
13	Target Supplemental Grant Funding audit adjustment	(\$511)			
LCFF Target Concentration Grant Funding Audit Adjustment					
14	Target Concentration Grant Funding calculated as of P-2	\$0			
15	Revised Target Concentration Grant Funding for audit finding	\$0			
16	Target Concentration Grant Funding audit adjustment	\$0			
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target					
18	Total Target Supplemental and Concentration audit adjustment	(\$511)			
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap					
19	Statewide Gap Funding Rate as of P-2	0.5607679980			
20	Estimated Cost of Unduplicated Pupil Count audit adjustment	(\$287)			



**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-008: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)**

**Questioned Cost (continued):**

Stony Point Academy

UPP Audit Adjustment						
1	Total Adjusted Enrollment from the UPP exhibit as of P-2				320	
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-				249	
3	Audit Adjustment - Number of Enrollment				-	
4	Audit Adjustment - Number of Unduplicated Pupil Count				1	
5	Revised Adjusted Enrollment				320	
6	Revised Adjusted Unduplicated Pupil Count				250	
7	UPP calculated as of P-2				0.7781	
8	Revised UPP for audit finding				0.7813	
9	Charter Schools Only: Determinative School District Concentration Ca				0.7781	
10	Revised UPP adjusted for Concentration Cap		0.7781			
LCFF Target Supplemental Grant Funding Audit Adjustment			TK/K-3	4-6	7-8	9-12
9	Supplemental and Concentration Grant ADA		3.00	4.00	80.40	43.63
10	Adjusted Base Grant per ADA		\$7,820	\$7,189	\$7,403	\$8,801
11	Target Supplemental Grant Funding calculated as of P-2		\$160,507			
12	Revised Target Supplemental Grant Funding for audit finding		\$161,167			
13	Target Supplemental Grant Funding audit adjustment		\$660			
LCFF Target Concentration Grant Funding Audit Adjustment						
14	Target Concentration Grant Funding calculated as of P-2		\$117,633			
15	Revised Target Concentration Grant Funding for audit finding		\$117,633			
16	Target Concentration Grant Funding audit adjustment		\$0			
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target						
18	Total Target Supplemental and Concentration audit adjustment		\$660			
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap						
19	Statewide Gap Funding Rate as of P-2		0.5607679980			
20	Estimated Cost of Unduplicated Pupil Count audit adjustment		\$370			

**BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FINDING #2017-008: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)**

**Recommendations:** We recommend that the District ensure that all students listed in the CALPADS 1.18 *FRPM/English Learner/Foster Youth – Student List* Report be correctly listed under the school they were enrolled in as of the census date.

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

**Current Status:** Not implemented, see Finding #2018-009.