

**MONTE VISTA SCHOOL DISTRICT NO. 8  
MONTE VISTA, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2020**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

**MONTE VISTA SCHOOL DISTRICT NO. 8  
MONTE VISTA, COLORADO**

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**June 30, 2020**

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Education  
Monte Vista School District No. 8  
Monte Vista, Colorado

## 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 Monte Vista School District No. 8 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial

**Certified Public Accountants**

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position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### *Change in Accounting Principle*

As discussed in Note 1- Summary of Significant Accounting Policies, in fiscal year 2020 the District adopted the provisions of *GASB Statement No. 84, Fiduciary Activities*, thereby reporting the Student Activity Agency Fund combined with the Pupil Activity Special Revenue Fund. The District previously reported a majority of this activity in a fiduciary fund. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial schedules and the Colorado School Districts Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards are 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 January 12, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

January 12, 2021

**Monte Vista School District C-8  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020**

As management of the Monte Vista School District C-8, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements, which immediately follow this section.

**Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2020, are as follows:

- In total, net position for the District is \$3,074,922, an increase of \$2,581,460. The increase is a result of changes to reporting requirements as required by *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date*. This statement revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The pension adjustment for FY2020 was \$10,649,205, the OPEB (Other Post-Employment Benefits) was \$147,391.
- General Revenues accounted for \$10,744,674 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$2,314,106 or 17% of total revenues of \$13,058,780.
- The District had \$10,477,820 in expenses related to governmental activities. Of these expenses \$2,314,106 were offset by program specific charges for services, grants and contributions.

*Governmental Funds*

The District has three major governmental funds as determined by Governmental Accounting Standards Board Statement No. 34 (GASB 34). The major funds are the General Fund, the Projects Fund, and the Bond Redemption Fund.

- The General Fund had \$10,934,966 in revenues and \$10,493,022 in expenditures. The General Fund's fund balance increased \$441,974 to \$3,173,392 from \$2,731,418 in 2018-2019. A portion of the ending fund balance was set aside to meet other obligations as follows:

Restricted:	
TABOR 3% Reserve	\$ 345,902
Committed:	
Multi-year Contracts	0
Insurance Reserve	14,901
Assigned:	
Pupil Count Audit	60,000
Designated:	
Subsequent years	736,205
Unassigned:	<u>2,016,384</u>
Total Fund Balance	<u>\$ 3,173,392</u>

- The Projects Fund reflects State and Federal source revenues, which are to be used for specific purposes as defined in the grant documents. In fiscal year 2020, the District expended \$589,209.

**Monte Vista School District C-8**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2020**

- The Bond Redemption Fund had revenues from property taxes and earnings on investments of \$573,263 and debt service payments of \$577,462. The fund balance decreased by \$4,199 to \$936,817. The District passed a bond issue in November 2008 for \$8.4 million. As of June 30, 2020, a total of \$8,397,301 of the \$8.4 million has been sold. The mill levies of 11.300 mills reflected the funding needed to meet the new obligations. The current fund balance is adequate to meet the current obligations of the bond issue.

***Business-Type Fund***

- In Fiscal year 2015, an Internal Service Fund was created to handle costs associated with the level-funding self-insurance medical insurance plan.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.
- The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and its component units, or to other governmental units, on a cost-reimbursement basis.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Government-wide Statements**

The government-wide statements report information about the District using accounting methods like those used by private-sector companies. The statement of net position presents information on all the district's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. All 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 – the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health or *position*.

**Monte Vista School District C-8**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2020**

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are categorized as governmental funds:

- *Governmental activities:* Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. The School Finance Act of 1994, as amended, made up of property taxes and state equalization, finances most of these activities.

***Fund Financial Statements***

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements 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. Because this information does not encompass the additional long-term focus of the government-wide statements, additional schedules explain the relationship (or differences) between them.
- *Internal Service Fund:* The District uses an internal service fund to account for services provided to the different departments on a cost-reimbursement basis. The District is the only participant in the activity.
- *Fiduciary funds:* The District is the agent, or *fiduciary*, for assets that belong to others, such as small scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**Monte Vista School District C-8**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2020**

***Notes to the Financial Statements***

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Other Information***

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

**Financial Analysis of the District as a Whole**

***Government-wide Analysis***

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives about 90% of the annual property tax assessment in the first half of the calendar year.

Capital Assets are used in the operation of the District. These assets are land, improvements, buildings, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2021. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2021.

**Monte Vista School District C-8**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Table I**  
**Condensed Statement of Net Position**  
**As of June 30, 2020**

	<u>Governmental Activities</u>		<u>% Change</u>
	<u>2019</u>	<u>2020</u>	
<b>Assets</b>			
Current Assets	\$ 5,897,794	\$ 7,329,777	24.28%
Capital Assets	31,484,568	30,565,862	-2.92%
<b>Total Assets</b>	<u>37,382,362</u>	<u>37,895,639</u>	<u>1.37%</u>
<b>Deferred Outflows of Resources</b>			
Bond Refunding	346,599	308,088	-11.11%
Pension	5,824,581	1,928,164	-66.90%
OPEB	61,367	52,977	-13.67%
<b>Total Deferred Outflows of Res.</b>	<u>6,232,547</u>	<u>2,289,229</u>	
<b>Liabilities</b>			
Current Liabilities	2,015,935	2,841,205	40.94%
Long-Term Liabilities	27,001,579	23,431,925	-13.22%
<b>Total Liabilities</b>	<u>29,017,514</u>	<u>26,273,130</u>	<u>-9.46%</u>
<b>Deferred Inflows of Resources</b>			
Pension	14,194,224	10,649,205	-24.98%
OPEB	5,067	147,391	
Unavailable Revenue - Property Tax	30,045	40,220	33.87%
<b>Total Deferred Inflows of Resources</b>	<u>14,229,336</u>	<u>10,836,816</u>	<u>-23.84%</u>
<b>Resources</b>			
Net Investment in			
Capital Assets	24,245,642	23,636,629	-2.51%
Restricted	1,579,932	1,753,351	10.98%
Unrestricted	(25,457,515)	(22,315,058)	-12.34%
<b>Total Net Position</b>	<u>\$ 368,059</u>	<u>\$ 3,074,922</u>	<u>735.44%</u>

**Monte Vista School District C-8**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2020**

The effect of the PERA pension and OPEB on the District's total net position for the Fiscal Year 2019 and 2020 is summarized below:

	Fiscal Year 2020	Fiscal Year 2019
Net Position (GAAP Basis)	\$ 3,074,922.00	\$ 368,059.00
GASB 68 - Pension	24,646,267.00	27,324,334.00
GASB 75 - OPEB	877,468.00	890,371.00
Net Position Excluding Pension and OPEB	<u>28,598,657.00</u>	<u>28,582,764.00</u>

The effect of the PERA pension and OPEB expense on the District's unrestricted net position is summarized below:

	Fiscal Year 2020	Fiscal Year 2019
Net Position (GAAP Basis)	\$ (22,315,058.00)	\$ (25,457,515.00)
GASB 68 - Pension	24,646,267.00	27,324,334.00
GASB 75 - OPEB	877,468.00	890,371.00
Net Position Excluding Pension and OPEB	<u>3,208,677.00</u>	<u>2,757,190.00</u>

Management's estimate of the Districts' proportionate share of the State On-Behalf Direct Distribution is \$153,935, which is recognized as a contribution and allocation in the General Fund.

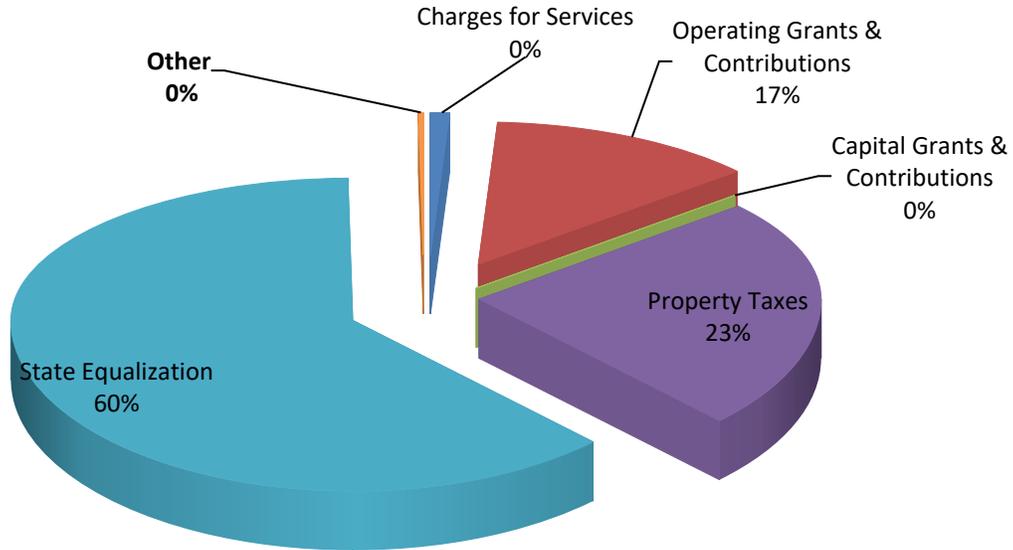
**Monte Vista School District C-8  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020**

**Table II  
Condensed Statement of Changes in Net Position  
Fiscal Year 2020**

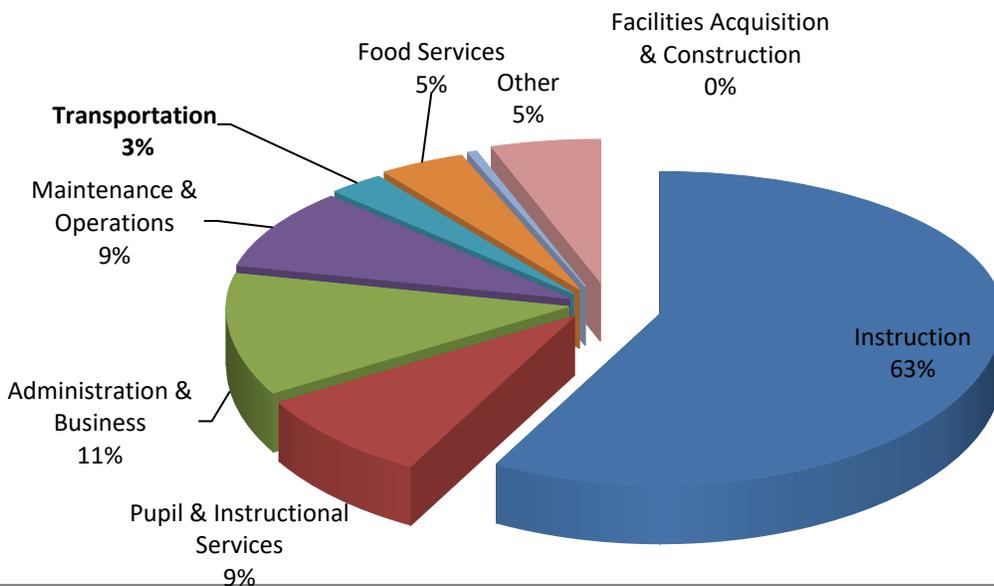
	<u>Governmental Activities</u>		<u>% Change</u>
	<u>2019</u>	<u>2020</u>	
<b>Revenue</b>			
Program Revenues:			
Charges for Services	\$ 106,069	\$ 70,554	-33.48%
Operating Grants & Contributions	2,128,878	2,013,560	-5.42%
Capital Grants & Contributions	-	229,992	#DIV/0!
General Revenues:			
Property Taxes	2,634,412	2,703,358	2.62%
State Equalization	7,315,247	7,960,676	8.82%
Other	99,246	80,640	-18.75%
<b>Total Revenues</b>	<u>12,283,852</u>	<u>13,058,780</u>	<u>6.31%</u>
<b>Expenses</b>			
Instruction	5,940,820	6,001,261	1.02%
Pupil & Instructional Services	984,731	959,453	-2.57%
Administration & Business	1,185,803	1,124,930	-5.13%
Maintenance & Operations	989,213	956,574	-3.30%
Transportation	338,902	286,981	-15.32%
Food Services	511,216	471,311	-7.81%
Facilities Acquisition & Construction	-	-	
Other	668,898	676,810	1.18%
<b>Total Expenses</b>	<u>10,619,583</u>	<u>10,477,320</u>	<u>-1.34%</u>
<b>Increase (Decrease) in Net Position</b>	1,664,269	2,581,460	55.11%
<b>Net Position, Beginning of Year, As</b>	(1,296,210)	368,059	-128.40%
<b>Change in Accounting Principal</b>	<u>-</u>	<u>125,403</u>	<u>#DIV/0!</u>
<b>Net Position, Beginning of Year, Restated</b>	<u>(1,296,210)</u>	<u>493,462</u>	<u>-138.07%</u>
<b>Ending Net Position</b>	<u>\$ 368,059</u>	<u>\$ 3,074,922</u>	<u>735.44%</u>

**Monte Vista School District C-8  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020**

**2019-2020 REVENUES - GOVERNMENT WIDE**



**2019-2020 EXPENDITURES - GOVERNMENT WIDE**



**Monte Vista School District C-8**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Governmental Activities**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, designated and undesignated fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year. The fund balance for the General Fund that has not been restricted or committed is \$2,752,589. The Tax Payer Bill of Rights (TABOR) Reserve, required by state statute, remained the same at \$324,902. This reserve is based on 3% of specific revenue sources. The District's TABOR Reserve is held in cash with C Safe.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA, total program funding was \$9,342 per student or \$10,557,036. This is an increase of \$320 or 3.0% over the previous year. The total program funding was then adjusted by the "Budget Stabilization Factor" of 7% or \$741,556, reducing the actual funding by about \$561 per student. The funded pupil count for fiscal year 2020 was 1,130. The District's funded pupil count was slightly lower than the prior year. Funding for the SFA comes from property taxes, specific ownership tax and state equalization.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes. Other governmental revenues, from property taxes, state equalization, and interest on investments, were adequate to cover the excess costs.

**Table III**  
**Cost of Services – Governmental Activities**  
**Fiscal Year 2020**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
Instruction	\$ 5,940,820	\$ 6,001,261	\$ 4,519,851	\$ 4,726,156
Pupil & Instructional Services	984,731	959,453	812,960	523,987
Administration & Business	1,185,803	1,124,930	1,164,024	1,103,280
Maintenance & Operations	989,213	956,574	980,054	948,123
Transportation	338,902	286,981	289,565	240,217
Food Services	511,216	471,311	11,640	(52,735)
Facilities Acquisition & Constr	-	-	-	-
Other	668,898	676,810	606,542	674,186
<b>Total Expenses</b>	<b>\$ 10,619,583</b>	<b>\$ 10,477,320</b>	<b>\$ 8,384,636</b>	<b>\$ 8,163,214</b>

**Monte Vista School District C-8**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**General Fund Budgetary Highlights**

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on the modified accrual basis. Therefore, the District budgets each year for actual salaries for nine and ten month employees are based on salaries for the school term of September to May, but paid out over twelve months (September to August). The July and August salaries are accrued in the budgeted financial statements. The Board of Education can make final changes to the fiscal year adopted budget on or before January 31<sup>st</sup>. These adjustments reflect information as of December 31<sup>st</sup>. After that, all changes must be approved by supplemental budget resolution.

The original 2019-2020 adopted General Fund budget was amended in January 2020, for the following reasons:

- The adopted budget for 2019-2020 reflected an estimated funded pupil count of 1132.5, while the actual funded pupil count was 1130.1 a decrease of 2.4. The revised budget in January 2020 included an adjustment to equalization, reflecting an increase in funded pupil count of \$360,365 despite the lower enrollment. This is primarily due to the lower Budget Stabilization percentage.
- The audited beginning fund balance increase of \$228,363 helped to offset expenditures for the current year that exceeded current budgeted revenues.
- Major adjustments to the General Fund revenues primarily were to reduce the estimated revenues to more realistic amounts.
- Major adjustments to General Fund expenditures include the recalculation of salaries and benefits, and various reclassifications of individual line items.

.Adjustments to other funds reflected final FY2020 ending fund balances and final numbers for grant funds.

The Monte Vista School Board approved the following supplemental budgets:

- Supplemental budget for the Projects Fund was approved in April 2020, to increase the allocation to the EARSS Grant by \$8,480 for additional funding.
- Supplemental budget for the Insurance Reserve Fund was approved in April 2020, to record a dividend from Pinnacol for \$8,320.
- Supplemental budget for the Projects Fund was approved in April 2020, to record the allocation for the EASI Grant in the amount of \$50,000.
- Supplemental budget for the Food Service Fund was approved in May 2020, to record the USDA Equipment Grant award of \$7,964.
- Supplemental budget for General Fund was approved in June 2020, to increase the Full Day Kindergarten FFE Grant allocation in the amount of \$14,267.81.
- Supplemental budget for the Projects Fund was approved in June 2020, to record the allocation of COVID Relief Funds in the amount of \$757,804.18. \$

District General Fund expenditures were lower than total budgeted expenditures by \$1,019,749, as is reflected in the budgeted carryover of \$3,173,392.

**Monte Vista School District C-8  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020**

**Capital Assets and Debt Administration**

**Capital Assets**

On June 30, 2020, the District had \$30,565,862 invested in sites, land improvements, buildings, equipment and vehicles, which was used in governmental activities. Table IV shows the investment in capital assets net of depreciation expense for governmental activities.

**Table IV  
Capital Assets at June 30, 2020  
(Net of Depreciation)**

	Governmental Activities		%
	2019	2020	
Sites	\$ 258,329	\$ 258,329	0.00%
Site Improvements -			
Inexhaustible	2,532,852	2,532,852	0.00%
Land Improvements	3,882,008	3,718,696	-4.21%
Buildings	24,407,903	23,562,828	-3.46%
Equipment	291,174	269,298	-7.51%
Vehicles	112,302	223,859	99.34%
Construction in Progress	-	-	0.00%
<b>Totals</b>	<b>\$ 31,484,568</b>	<b>\$ 30,565,862</b>	<b>-2.92%</b>

**Long-Term Debt**

At June 30, 2020, the District had \$7,305,317 in total long-term debt. Of this amount \$581,672 is due within one year. Table V details the outstanding debt and the portion due within one year for the District. Compensated absences of \$298,184, is considered paid when used, or when it is bought back upon retirement or resignation of an employee.

**Table V  
Outstanding Debt  
Current and Total at June 30, 2020**

	2019		2020	
	Due Within One Year	Total Debt	Due Within One Year	Total Debt
General Obligation Bonds	\$ 351,790	\$ 6,663,457	\$ 358,802	\$ 6,311,667
Lease Purchase Agreements	65,514	203,100	115,927	285,609
Early Retirement Bonus Payable	73,566	121,701	62,691	77,900
Compensated Absences Payable	10,214	281,086	3,840	298,184
Bond Premium	40,412	372,369	40,412	331,957
<b>Totals</b>	<b>\$ 541,496</b>	<b>\$ 7,641,713</b>	<b>\$ 581,672</b>	<b>\$ 7,305,317</b>

**Monte Vista School District C-8**  
***Management's Discussion & Analysis***  
**For the Fiscal Year Ended June 30, 2020**

On December 17, 2009, the District issued general obligation bonds series 2009 in the amount of \$3,000,000 with an average interest rate of 5.06%. These bonds were issued from the \$8,400,000 ballot measure approved in November 2008. The principal balance outstanding at June 30, 2020, was \$0.

On October 7, 2010, the District issued general obligation bonds series 2010 in the amount of \$1,645,000 with an average interest rate of 4.76%. The principal balance outstanding at June 30, 2017, was \$205,000. On December 16, 2010, the District issued general obligation bonds series 2010D-F matching money bonds in the amount of \$3,752,301 with an interest rate of 4.082%. The principal balance outstanding at June 30, 2020, was \$50,000.

On December 16, 2010, the District issued general obligation bonds series 2010D-F matching money bonds in the amount of \$3,752,301 with an interest rate of 4.082% to be paid in full on December 1, 2030. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction of the new high school and the construction and renovation of the Bill Metz elementary school. The principal balance outstanding at June 30, 2020, was \$2,421,667.

On August 10, 2016 the District issued \$4,120,000 in Series 2016 General Obligation Refunding Bonds to refund \$2,630,000 of the District's outstanding Series 2009 Bonds, issued in the original aggregate principal amount of \$3,000,000 and currently outstanding in the aggregate principal amount of \$2,820,000 and \$1,215,000 of its Series 2010 Bonds, issued in the original aggregate principal amount of \$1,645,000. The principal balance outstanding at June 30, 2020, was \$3,840,000.

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purpose of upgrading the District's facilities lighting. The lease, dated September 13, 2018, was for \$203,100 with an interest rate of 3.3%. The lease has a term of 3 annual payments from the Building Fund, with final payment due on November 1, 2021. The cost of the project was \$284,776 and accumulated depreciation was \$15,425 at June 30, 2020. The principal balance outstanding at June 30, 2020, was \$137,586.

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purpose of upgrading the Activity Bus. The lease, dated June 20, 2019, was for \$157,903.62 with an interest rate of 3.651%. The lease has a term of 3 annual payments from the General Fund, with final payment due on July 1, 2022. The cost of the bus was \$148,023.42 and accumulated depreciation was \$12,335.25 at June 30, 2020. The principal balance outstanding at June 30, 2020, was \$148,023.42.

**Monte Vista School District C-8**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Factors Bearing on the District's Future**

At the time these financial reports were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future.

- District has been experiencing declining enrollment since fiscal year 2000. The enrollment for 2019-2020 has decreased by 12.8 FTE. The School Finance Act, as changed in 2008, averages student counts for the previous four years plus the current year to determine the *funded pupil count (FPC)*. In years prior to 2015-16 the District used the averaging method, However, in the past three years it was once again advantageous for the District to use the actual FTE. The actual FTE for 2019-2020 is 1130.
- Starting in FY 2010-11, an additional factor was included in the school finance formula. This factor acts as a reduction to other existing factors and shall not reduce any base per pupil funding districts receive through the school finance formula. In general, this factor is calculated by first determining the total program prior to application of the Budget Stabilization Factor (BS). The BS factor in FY 2014-15 12.96%, FY 2015-16 11.51%, FY 2016-17 11.83%, FY 2017-18 was 11.04%, FY 2018-2019 was 9% . The BS factor for FY 2019-2020 was 7%. Although the BS Factor percentage has decreased, the accumulated impact of the BS factor has eroded the district's capacity to retain some high-quality staff; delayed some needed major repairs; and purchase adequate instructional support materials.
- Professional level staffing continues to be a major concern due to extreme teacher shortages locally and statewide. The ability to attract just applicants for some historically easy to fill positions is extremely difficult, primarily due to the impact of the BS factor. Additionally, the Colorado retirement system proposed changes will put additional pressure on the district resources to meet the statutory funding obligations, which, short of additional state revenue, will further erode local instructional support resources.
- 2020-2021 funding has been directly affected by the economic impacts of COVID-19 in Colorado. Annually State Equalization for the Monte Vista School District is lowered by approximately 7% due to the State Budget Stabilization Factor. However for the 2020-21 FY the Budget Stabilization Factor was increased to 14%, resulting in a loss from total program of 1,515,137.95. We are aware that the long term effects of COVID-19 will require diligence in the use of General Fund fund balance to meet expense obligations in 2021-22 and 2022-23.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office, Monte Vista School District C-8, 345 E. Prospect Avenue, Monte Vista, CO 81144.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**BASIC FINANCIAL STATEMENTS**

**MONTE VISTA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 6,936,642
Accounts Receivable	240,512
Property Tax Receivable	40,220
Due from Other Governments	90,374
Inventories	22,029
<b>Total Current Assets</b>	<b>7,329,777</b>
<b>Noncurrent Assets</b>	
<b>Capital Assets</b>	
Land	258,329
Site Improvements	2,532,852
Land Improvements	5,096,049
Buildings	37,449,925
Equipment	2,491,958
Vehicles	1,090,528
Less Accumulated Depreciation	(18,353,779)
<b>Total Noncurrent Assets</b>	<b>30,565,862</b>
<b>TOTAL ASSETS</b>	<b>37,895,639</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Bond Refunding	308,088
Pension	1,928,164
OPEB	52,977
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,289,229</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	199,272
Accrued Salaries and Benefits	1,183,109
Unearned Grant Revenue	877,152
Premium on Issuance of Bonds	40,412
Lease Purchase Agreement	115,927
General Obligation Bonds	358,802
Early Retirement Bonus	62,691
Compensated Absences	3,840
<b>Total Current Liabilities</b>	<b>2,841,205</b>
<b>Noncurrent Liabilities</b>	
Premium on Issuance of Bonds	291,545
Lease Purchase Agreement	169,682
General Obligation Bonds	5,952,865
Early Retirement Bonus	15,209
Compensated Absences	294,344
Pension Liability	15,925,226

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<b>Primary Government Governmental Activities</b>
OPEB Liability	783,054
<b>Total Noncurrent Liabilities</b>	23,431,925
<b>TOTAL LIABILITIES</b>	26,273,130
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	10,649,205
OPEB	147,391
Deferred Revenue - Property Tax	40,220
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	10,836,816
<b>NET POSITION</b>	
Net Investment in Capital Assets	23,636,629
Restricted for	
Debt Service	936,817
TABOR	345,902
BEST Capital Renewal Reserve	378,014
Bond Proceeds for Capital Construction	92,618
Unrestricted	(22,315,058)
<b>TOTAL NET POSITION</b>	\$ 3,074,922

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Fiscal Year Ended June 30, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Revenues and Changes in Net Position</b>
					<b>Primary Government</b>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
Instructional Program	\$ 6,001,261	\$ 16,676	\$ 1,036,401	\$ 222,028	\$ (4,726,156)
Student Supporting Services	682,238	12,165	420,319	-	(249,754)
Instructional Staff Supporting Services	277,215	-	2,982	-	(274,233)
General Administration Supporting Services	230,981	-	2,530	-	(228,451)
School Administration Supporting Services	626,060	-	13,821	-	(612,239)
Business Supporting Services	267,889	-	5,299	-	(262,590)
Operations and Maintenance of Plant Services	956,574	-	8,451	-	(948,123)
Student Transportation Services	286,981	3,452	43,312	-	(240,217)
Central Supporting Services	387,634	-	1,294	-	(386,340)
Non-Instructional Services	1,567	-	-	-	(1,567)
Community Services	55,235	-	1,330	-	(53,905)
Food Services	471,311	38,261	477,821	7,964	52,735
Interest on Long-term Debt	232,374	-	-	-	(232,374)
<b>Total Governmental Activities</b>	<u>10,477,320</u>	<u>70,554</u>	<u>2,013,560</u>	<u>229,992</u>	<u>(8,163,214)</u>
<b>Total Primary Government</b>	<u>\$ 10,477,320</u>	<u>\$ 70,554</u>	<u>\$ 2,013,560</u>	<u>\$ 229,992</u>	<u>(8,163,214)</u>
<b>General Revenues</b>					
Taxes					
General Property Taxes - Net					
2,377,399					
Specific Ownership Taxes					
315,760					
Other Taxes					
10,199					
State Equalization					
7,960,676					
Interest on Investments					
48,613					
Miscellaneous					
32,027					
<b>Total General Revenues</b>					
<u>10,744,674</u>					
<b>Change in Net Position</b>					
<u>2,581,460</u>					
<b>Net Position, Beginning of Year, As Previously Stated</b>					
368,059					
<b>Change in Accounting Principle</b>					
<u>125,403</u>					
<b>Net Position, Beginning of Year, Restated</b>					
<u>493,462</u>					
<b>Net Position, End of Year</b>					
<u>\$ 3,074,922</u>					

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**June 30, 2020**

	<u>GENERAL</u> <u>FUND</u>	<u>PROJECTS</u> <u>FUND</u>	<u>BOND</u> <u>REDEMPTION</u> <u>FUND</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,172,890	\$ 928,467	\$ 902,288
Accounts Receivable	205,983	-	34,529
Property Tax Receivable	30,582	-	9,638
Due from Other Governments	795	89,579	-
Due from Other Funds	145,451	-	-
Inventory	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 4,555,701</u>	<u>\$ 1,018,046</u>	<u>\$ 946,455</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 182,070	\$ 3,462	\$ -
Due to Other Funds	18,674	144,615	-
Unearned Grant Revenue	79,890	797,262	-
Accrued Salaries and Benefits	1,071,093	72,707	-
<b>TOTAL LIABILITIES</b>	<u>1,351,727</u>	<u>1,018,046</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Property Tax	<u>30,582</u>	<u>-</u>	<u>9,638</u>
<b>FUND BALANCE</b>			
Nonspendable			
Inventory	-	-	-
Restricted			
TABOR 3% Reserve	345,902	-	-
BEST Capital Reserve Renewal	-	-	-
Debt Service	-	-	936,817
Bond Proceeds for Capital Construction	-	-	-
Committed			
Multi-Year Contracts	-	-	-
Pupil Activities	-	-	-
Insurance Reserve	14,901	-	-
Food Service	-	-	-
Capital Projects/Equipment	-	-	-
Assigned			
Pupil Count Audit	60,000	-	-
Designated for Subsequent Years	736,205	-	-
Unassigned	2,016,384	-	-
<b>TOTAL FUND BALANCE</b>	<u>3,173,392</u>	<u>-</u>	<u>936,817</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 4,555,701</u>	<u>\$ 1,018,046</u>	<u>\$ 946,455</u>

The accompanying notes are an integral part of this financial statement.

<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ 904,413	\$ 6,908,058
-	240,512
-	40,220
-	90,374
-	145,451
22,029	22,029
<hr/>	<hr/>
\$ 926,442	\$ 7,446,644
<hr/> <hr/>	<hr/> <hr/>

\$ 13,740	\$ 199,272
836	164,125
-	877,152
39,309	1,183,109
<hr/>	<hr/>
53,885	2,423,658
<hr/>	<hr/>
-	40,220
<hr/>	<hr/>

22,029	22,029
-	345,902
378,014	378,014
-	936,817
92,618	92,618
-	-
171,448	171,448
-	14,901
70,723	70,723
137,725	137,725
-	60,000
-	736,205
-	2,016,384
<hr/>	<hr/>
872,557	4,982,766
<hr/>	<hr/>
\$ 926,442	\$ 7,446,644
<hr/> <hr/>	<hr/> <hr/>

**MONTE VISTA SCHOOL DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

<b>Total governmental fund balances</b>	\$ 4,982,766
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,565,862
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position	1,981,141
Deferred results of bond refunding	308,088
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	\$ (6,311,667)
Lease Purchase Agreements	(285,609)
Early Retirement Bonus Payable	(77,900)
Compensated Absences	<u>(298,184)</u>
	(6,973,360)
Certain transactions relating to the activity of bonds are expensed in the governmental funds, but are required to be capitalized and amortized in the government-wide financial statements.	
Premium on Issuance of Bonds	(331,957)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.	(16,708,280)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.	(10,796,596)
Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the health insurance internal service fund are included in governmental activities in the statement of net position.	<u>47,258</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 3,074,922</u></u></b>

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**For the Year Ended June 30, 2020**

	<u>GENERAL FUND</u>	<u>PROJECTS FUND</u>	<u>BOND REDEMPTION FUND</u>
<b>REVENUES</b>			
Local Sources	\$ 2,350,309	\$ -	\$ 573,263
Intermediate Sources	42	-	-
State Sources	8,458,129	198,121	-
Federal Sources	149,693	391,088	-
<b>TOTAL REVENUES</b>	<u>10,958,173</u>	<u>589,209</u>	<u>573,263</u>
<b>EXPENDITURES</b>			
Instructional Program	6,243,769	325,203	-
Student Supporting Services	518,293	171,473	-
Instructional Staff Supporting Services	243,077	86,039	-
General Administration Supporting Services	247,335	2,694	-
School Administration Supporting Services	869,168	-	-
Business Supporting Services	357,299	3,800	-
Operations and Maintenance of Plant Services	1,019,207	-	-
Student Transportation Services	301,776	-	-
Central Supporting Services	392,621	-	-
Non-Instructional Services	1,567	-	-
Community Services	78,631	-	-
Food Services	-	-	-
Facilities Acquisition and Construction Services	148,063	-	-
Debt Service	72,216	-	577,462
<b>TOTAL EXPENDITURES</b>	<u>10,493,022</u>	<u>589,209</u>	<u>577,462</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>465,151</u>	<u>-</u>	<u>(4,199)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Lease Proceeds	148,023	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(171,200)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(23,177)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>441,974</u>	<u>-</u>	<u>(4,199)</u>
<b>Fund Balance, Beginning of Year , As Previously Stated</b>	2,731,418	-	941,016
<b>Changes in Accounting Principle</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning of Year, Restated</b>	<u>2,731,418</u>	<u>-</u>	<u>941,016</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,173,392</u>	<u>\$ -</u>	<u>\$ 936,817</u>

The accompanying notes are an integral part of this financial statement.

<b>TOTAL NONMAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ 340,361	\$ 3,263,933
-	42
125,671	8,781,921
472,103	1,012,884
<hr/>	<hr/>
938,135	13,058,780
<hr/>	<hr/>
284,352	6,853,324
-	689,766
-	329,116
-	250,029
-	869,168
-	361,099
-	1,019,207
-	301,776
-	392,621
-	1,567
-	78,631
528,577	528,577
158,550	306,613
-	649,678
<hr/>	<hr/>
971,479	12,631,172
<hr/>	<hr/>
(33,344)	427,608
<hr/>	<hr/>
-	148,023
171,200	171,200
-	(171,200)
<hr/>	<hr/>
171,200	148,023
<hr/>	<hr/>
137,856	575,631
<hr/>	<hr/>
609,298	4,281,732
<hr/>	<hr/>
125,403	125,403
<hr/>	<hr/>
734,701	4,407,135
<hr/>	<hr/>
\$ 872,557	\$ 4,982,766
<hr/>	<hr/>

**MONTE VISTA SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

**Net change in fund balances - total governmental funds** \$ 575,631

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between capital outlay and depreciation in the current period.

Fixed asset additions	\$ 353,315	
Fixed asset deletions, net of accumulated depreciation	(3,941)	
Depreciation expense	<u>(1,268,080)</u>	(918,706)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The bond premium provides a current financial resource to governmental funds, but must be capitalized and amortized over the life of the bonds in the government-wide financial statements.

Lease Proceeds	(148,023)	
Principal payment on general obligation bonds	351,790	
Principal payment on lease purchase agreement	65,514	
Bond premium amortization	40,412	
Deferred charge on refunding	<u>(38,511)</u>	271,182

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(17,098)	
Early retirement bonus payable	<u>43,801</u>	26,703

An internal service fund is used by the District to account for its self-funded health insurance. The net income of the internal service fund is reported in the governmental activities. (64,320)

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These items consists of the change in pension and OPEB expense. 2,690,970

**Change in net position of governmental activities** \$ 2,581,460

**MONTE VISTA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2020**

	<u>GOVERNMENTAL ACTIVITIES</u> <u>INTERNAL SERVICE</u> <u>FUND</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 28,584
Due from Other Funds	18,674
	47,258
<b>Total Current Assets</b>	<b>47,258</b>
 <b>TOTAL ASSETS</b>	 <b>47,258</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Due to Other Funds	-
	-
<b>TOTAL LIABILITIES</b>	<b>-</b>
 <b>NET POSITION</b>	
Unrestricted	47,258
	47,258
<b>TOTAL NET POSITION</b>	<b>\$ 47,258</b>

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2020**

	<b>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</b>
<b>OPERATING REVENUES</b>	
Insurance Premiums	\$ 1,056,654
<b>Total Operating Revenues</b>	1,056,654
<b>OPERATING EXPENSES</b>	
Purchased Services	1,120,974
<b>Total Operating Expenses</b>	1,120,974
Operating Income (Loss)	(64,320)
<b>NONOPERATING REVENUES (EXPENSES)</b>	-
Change in Net Position	(64,320)
<b>Net Position, Beginning of Year</b>	111,578
<b>Net Position, End of Year</b>	\$ 47,258

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	<b>INTERNAL SERVICE FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Insurance Premiums	\$ 1,056,654
Cash Payments for Claims and Fees	<u>(1,139,684)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(83,030)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(83,030)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>111,614</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 28,584</u></u>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (64,320)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
(Increase) Decrease in Due from Other Funds	<u>(18,710)</u>
<b>Net Cash provided (used) by Operating Activities</b>	<u><u>\$ (83,030)</u></u>

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA SCHOOL DISTRICT**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**June 30, 2020**

	<u><b>STUDENT ACTIVITY AGENCY FUND</b></u>
<b>ASSETS</b>	
Cash	\$ 12,122
Due From Other Funds	-
	-
<b>TOTAL ASSETS</b>	<b>\$ 12,122</b>
 <b>LIABILITIES</b>	
Accounts Payable	\$ -
Due to Student Activities	12,122
	12,122
<b>TOTAL LIABILITIES</b>	<b>\$ 12,122</b>

The accompanying notes are an integral part of this financial statement.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. The District's significant accounting policies are described below.

**REPORTING ENTITY**

***Primary Government***

Monte Vista School District No. 8 is a public school as established by Colorado State Statute. The District is declared to be a corporate body with perpetual existence and in its name may hold property, sue and be sued, and be a party to contracts for any purpose authorized by law. Members of the school board are voted on at large by the registered, qualified electors of the District. Taxes are levied upon all taxable property within the District's boundaries by the County Commissioners. The County Treasurer collects the taxes and remits them to the school district. The District also receives State and Federal funds. The school board has the authority to issue bonds up to 20% of the latest assessed valuation of the taxable property in the District. The board also has authority to select the depository of school funds and acquire short-term loans.

***Component Units***

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the Monte Vista School District No. 8 has no component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the District, except for District fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Bond Redemption Fund** is used to account for the accumulation of resources for the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.
- The **Projects Fund** is used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows.

The District's only proprietary fund is the Internal Service Fund, used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, generally, on a cost reimbursement basis. The District accounts for its self-funded health insurance in an internal service fund.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund financial statements consist of the Agency Fund. The Agency Fund was established to record transactions relating to assets held by the District as an agent for student organizations and scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column.

**ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

***Cash***

The District's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with maturity of three months or less.

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer.

Uncollected property taxes that became an enforceable lien January 1, 2020, have been recorded in the financial statements as an asset and a corresponding deferred inflow of resources.

***Receivables/Payables From Other District Funds***

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

***Inventories***

Purchased inventories are stated at cost and consist of supplies and food to be used within one year. Donated inventory is priced at the U.S. Department of Agriculture established values.

***USDA Commodities***

The Food Service Fund receives donated commodities to use in meal preparation from the U.S. Department of Agriculture. The value of these commodities received during the year is shown as income, and the value of commodities used is shown as expense.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***Capital Assets***

Capital Assets, which include land, land improvements, buildings, equipment, vehicles, and construction in progress are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Land Improvements	15-50
Buildings	10-50
Equipment	5-20
Vehicles	8-12

***Long-Term Obligations***

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

***Voluntary Early Retirement Bonus Plan***

All employees shall be eligible to participate upon completion of 20 years of service, the last 15 of which are to be uninterrupted service to the District. Depending on years of service, an employee can receive a bonus of 20% to 70% of their last salary, excluding extra pay, paid out in January following retirement over the term of one to five years.

***Compensated Absences***

Teachers and administrative staff of the District receive 10, 11, or 12 days each contract year for personal leave based on the number of months worked each year. Personal leave may accumulate up to 40 days; any days earned over 40 days is paid to employees in June of each year and the balance is paid upon retirement or resignation from the District at a rate of \$100 per day for full-time certified employees and \$70 per day for full-time classified employees. Part-time employees are paid based upon the length of day worked. A liability is accrued in the government-wide financial statements.

***Unearned Grant Revenue***

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applied to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

In addition to liabilities, the balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Certain amounts related to pensions must be deferred.

***Pensions***

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

***Other Postemployment Benefits***

The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

***Fund Balance***

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form, such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

***Encumbrances***

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

***Use of Estimates***

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

***Change in Accounting Principle***

During fiscal year 2020, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which revises and establishes new criteria for identification of fiduciary activities. The District previously reported the student activity in an agency fund. Beginning in fiscal year 2019-2020, a majority of the activity has been more appropriately presented in a Pupil Activity Special Revenue Fund. Accordingly, the Pupil Activity Special Revenue Fund reports a restated beginning balance of \$131,740, and the Student Activity Agency Fund reports a restated beginning balance of \$11,293.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

Monte Vista School District No. 8 follows the procedures set forth in the Colorado School District Budget Law when preparing annual budgets for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than June 1 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of Education adopted supplemental appropriations during fiscal year 2020.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

**NOTE 3 CASH AND DEPOSITS**

A summary of Cash and Deposits for the District are as follows:

Cash in Banks	\$ 5,229,189
Cash on Hand	1,000
Investments	1,718,575
Less: amounts related to Agency Funds	<u>(12,122)</u>
Total cash and deposits on the Statement of Net Position	<u><u>\$ 6,936,642</u></u>

***Cash and Deposits***

Colorado State Statutes govern the District’s deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

***Custodial Credit Risk – Deposits***

Custodial credit risk 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 deposit policy for custodial credit risk. As of year-end, \$4,821,261 of the District’s bank balance of \$5,321,272 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

***Investments***

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker’s acceptance of certain banks
- Commercial paper holding the highest credit rating category and with a maturity within 180 days
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

***Fair Value***

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

As of June 30, 2020, the District has the following investments:

<b>Investments</b>	<b>Maturity</b>	<b>Total</b>	<b>Rating</b>
CSAFE	Less than 1 year	\$1,718,575	AAAm

The Colorado Surplus Asset Fund Trust (CSAFE) investments are valued using the net asset value per share (or its equivalent) of the investments. The investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. CSAFE investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. CSAFE measures all of its investments at amortized cost.

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At June 30, 2020, the District had an estimated property tax receivable as follows:

General Fund	\$ 30,582
Bond Redemption Fund	9,638
	\$ 40,220

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 5 ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2020, consisted of the following:

General Fund		
June, July, and August Treasurer's Collections	\$	136,152
Other		69,831
Bond Redemption Fund		
June, July, and August Treasurer's Collections		34,529
	<u>\$</u>	<u>240,512</u>

**NOTE 6 DUE FROM OTHER GOVERNMENTS**

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. As of June 30, 2020, the District had \$90,374 due from Federal, State, and Local governments, reflected as Due from Other Governments in the accompanying basic financial statements.

**NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Interfund Receivables/Payables***

The District reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2020, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Projects Fund	\$ 144,615
General Fund	Food Service Fund	836
Internal Service Fund	General Fund	18,674
		<u>\$ 164,125</u>

***Interfund Transfers***

Interfund transfers for the year ended June 30, 2020, were as follows:

Transfer In	Transfer Out	Amount
Pupil Activity Fund	General Fund	\$ 54,200
Building Fund	General Fund	67,000
Food Service Fund	General Fund	50,000
		<u>\$ 171,200</u>

The General Fund transfers were made to subsidize the Pupil Activity Fund, Food Service Fund, and increase the BEST Capital Renewal Reserve in the Building Fund.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 8 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$ 258,329	\$ -	\$ -	258,329
Site Improvements- Inexhaustible	2,532,852	-	-	2,532,852
Total capital assets not being depreciated	<u>2,791,181</u>	<u>-</u>	<u>-</u>	<u>2,791,181</u>
Capital Assets Being Depreciated				
Land Improvements	5,096,049	-	-	5,096,049
Buildings	37,294,964	154,961	-	37,449,925
Equipment	2,449,379	50,331	7,752	2,491,958
Vehicles	942,505	148,023	-	1,090,528
Total Capital Assets Being Depreciated	<u>45,782,897</u>	<u>353,315</u>	<u>7,752</u>	<u>46,128,460</u>
Less: Accumulated Depreciation For				
Land Improvements	1,214,041	163,312	-	1,377,353
Buildings	12,887,061	1,000,036	-	13,887,097
Equipment	2,158,205	68,266	3,811	2,222,660
Vehicles	830,203	36,466	-	866,669
Total Accumulated Depreciation	<u>17,089,510</u>	<u>1,268,080</u>	<u>3,811</u>	<u>18,353,779</u>
Net Capital Assets being depreciated	<u>28,693,387</u>	<u>(914,765)</u>	<u>(3,941)</u>	<u>27,774,681</u>
Total Capital Assets, net	<u>\$ 31,484,568</u>	<u>\$ (914,765)</u>	<u>\$ (3,941)</u>	<u>\$ 30,565,862</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<i>Governmental Activities</i>	
Instructional Program	\$ 897,587
Student Support Services	175,128
Instructional Staff Support Services	553
General Administration Supporting Services	25,450
Operations and Maintenance of Plant Services	86,006
Student Transportation Services	48,417
Central Supporting Services	17,768
Food Services	17,171
Total depreciation expense - governmental activities	<u>\$ 1,268,080</u>

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 9 ACCRUED SALARIES AND BENEFITS**

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of \$1,183,109.

**NOTE 10 OPERATING LEASES**

The District has entered into an operating lease arrangement for several copy machines. This lease is considered for accounting purposes as an operating lease. Lease expenses for the year totaled \$34,741.

**NOTE 11 LONG-TERM LIABILITIES**

***Changes in Long-Term Liabilities***

Long-term liability balances for the year ended June 30, 2020, were as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020	Due Within One Year
<i>Governmental Activities</i>					
G.O. Bonds Payable	\$ 6,663,457	\$ -	\$ 351,790	\$ 6,311,667	\$ 358,802
Lease Purchase Agreements	203,100	148,023	65,514	285,609	115,927
Early Retirement Bonus Payable	121,701	29,765	73,566	77,900	62,691
Compensated Absences	281,086	17,098	-	298,184	3,840
Bond Premium	372,369	-	40,412	331,957	40,412
	<u>\$ 7,641,713</u>	<u>\$ 194,886</u>	<u>\$ 531,282</u>	<u>\$ 7,305,317</u>	<u>\$ 581,672</u>
Total <i>Governmental Activities</i>	<u>\$ 7,641,713</u>	<u>\$ 194,886</u>	<u>\$ 531,282</u>	<u>\$ 7,305,317</u>	<u>\$ 581,672</u>

***General Obligation Bonds Payable***

**Series 2009**

On December 17, 2009, the District issued general obligation bonds series 2009 in the amount of \$3,000,000 with an average interest rate of 5.06% to be paid in full on December 1, 2034. The bonds were issued for the purpose of financing the renovating, replacing, constructing, and equipping of facilities and improvements to the Marsh Elementary School and preliminary costs for the High School and Bill Metz construction projects. A portion of the series 2009 bonds were refunded during the issuance of the 2016 bonds. The principal balance outstanding at June 30, 2020, was \$0.

**Series 2010**

On October 7, 2010, the District issued general obligation bonds series 2010 in the amount of \$1,645,000 with an average interest rate of 4.76% to be paid in full on December 1, 2035. The bonds were issued for the purpose of financing the renovating, replacing, constructing, and equipping of facilities and improvements to the Middle School. A portion of the series 2010 bonds were refunded during the issuance of the 2016 bonds. The principal balance outstanding at June 30, 2020, was \$50,000.

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**Series 2010D-F Matching Money Bonds**

On December 16, 2010, the District issued general obligation bonds series 2010D-F matching money bonds in the amount of \$3,752,301 with an interest rate of 4.082% to be paid in full on December 1, 2030. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction of the new high school and the construction and renovation of the Bill Metz elementary school. The principal balance outstanding at June 30, 2020, was \$2,421,667.

**Series 2016**

On August 10, 2016, the District issued general obligation refunding bonds series 2016 in the amount of \$4,120,000 with an interest rate of 3.33% to be paid in full on December 1, 2034. The bonds were issued to refund \$2,630,000 of the District's outstanding Series 2009 Bonds callable December 1, 2019 and \$1,215,000 of its Series 2010 Bonds callable December 1, 2020. The principal balance outstanding at June 30, 2020, was \$3,840,000.

The annual debt service for the general obligation bonds is as follows:

	Principal	Interest	Total
FY 2021	\$ 358,802	\$ 213,204	\$ 572,006
FY 2022	376,101	201,744	577,845
FY 2023	383,698	190,191	573,889
FY 2024	391,605	178,323	569,928
FY 2025	404,834	169,926	574,760
FY 2026-2030	2,229,862	622,511	2,852,373
FY 2031-2035	2,166,765	476,920	2,643,685
Total	\$ 6,311,667	\$ 2,052,819	\$ 8,364,486

***Lease Purchase Agreements***

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purpose of upgrading the District's facilities lighting. The lease, dated September 13, 2018, was for \$203,100 with an interest rate of 3.3%. The lease has a term of 3 annual payments from the Building Fund, with final payment due on November 1, 2021. The cost of the project was \$284,776 and accumulated depreciation was \$15,425 at June 30, 2020. The principal balance outstanding at June 30, 2020, was \$137,586.

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purchase of a bus and miscellaneous equipment. The lease, dated June 20, 2019, was for \$148,023 with an interest rate of 3.651%. The lease has a term of 3 annual payments from the General Fund, with final payment due on July 1, 2022. The cost of the bus was \$148,023 and accumulated depreciation was \$8,062 at June 30, 2020. The principal balance outstanding at June 30, 2020, was \$148,023.

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The annual debt service for the lease purchase agreements are as follows:

	Principal	Interest	Total
FY 2021	\$ 115,927	\$ 8,924	\$ 124,851
FY 2022	118,901	5,950	124,851
FY 2023	50,781	1,854	52,635
Total	\$ 285,609	\$ 16,728	\$ 302,337

***Early Retirement Bonus Payable***

The District currently has fifteen employees participating in the voluntary early retirement program. Payment to the retiree is determined based on years of service to the District.

**NOTE 12 DEFINED BENEFIT PENSION PLAN**

***General Information about the Pension Plan***

*Plan description.* Eligible employees of the District are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2019.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained, and the benefit structure under which contributions were made.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S, once certain criteria are met. Pursuant to SB 18-200, the annual increase in 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all of the DPS benefit structure employment will receive an annual increase of 1.25 percent unless adjusted by the

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automatic adjustment provision (AAP) pursuant to C.R.S. §24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S §24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions provisions as of June 30, 2020.* Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDT are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer Contribution Rate	10.40%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF’s December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution To PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,214,187 for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the District reported a liability of \$15,925,226 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Monte Vista School District's proportionate share of the net position liability	\$	15,925,226
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Monte Vista School District		2,019,912
Total	\$	<u><u>17,945,138</u></u>

At December 31, 2019, District's proportion was 0.1066 percent, which was a decrease of 0.0004 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$(2,678,067) and revenue of \$152,989 for support from the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 867,935	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,886,502
Changes of assumptions or other inputs	454,641	7,223,532
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,539,171
Contributions subsequent to the measurement date	605,588	-
Total	<u><u>\$ 1,928,164</u></u>	<u><u>\$ 10,649,205</u></u>

\$605,588 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30,	
2021	\$ (5,148,951)
2022	(3,555,712)
2023	19,766
2024	(641,732)
2025	-
Thereafter	-

*Actuarial assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	1.25 percent compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) <sup>1</sup>	Financed by the Annual Increase Reserve

<sup>1</sup> For 2019, the annual increase was 0.00 percent.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during November 18, 2016, Board meeting.

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The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 21,120,260	\$ 15,925,226	\$ 11,563,543

*Pension plan fiduciary net position-* Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS**

***General Information about the OPEB Plan***

*Plan description.* Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

***PERA Benefit Structure***

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of benefit recipients not covered by Medicare Part A.

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

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Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$63,905 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$783,054 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.0697 percent, which was an increase of 0.00009 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020 the District recognized OPEB expense of \$(12,903). At June 30, 2020, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>          </u>	<u>          </u>
Difference between expected and actual experience	\$ 2,599	\$ 131,582
Net difference between projected and actual earnings on		
OPEB plan investments	-	13,070
Changes of assumptions or other inputs	6,496	-
Changes in proportion and differences between contributions		
recognized and proportionate share of contributions	12,009	2,739
Contributions subsequent to the measurement date	31,873	-
Total	<u>\$ 52,977</u>	<u>\$ 147,391</u>

\$31,873 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	\$ (25,735)
2022	(25,733)
2023	(21,949)
2024	(26,112)
2025	(25,236)
Thereafter	(1,522)

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*Actuarial assumptions.* The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 2019, gradually increasing to 4.50 percent in 2029

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop were adopted by the PERA Board during the November 18, 2016, Board Meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>	<b>Premiums for Members Without Medicare Part A</b>
	<b>A</b>	<b>A</b>
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

<b>Medicare Plan</b>	<b>Cost for Members Without Medicare Part A</b>
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

All costs are subject to the health care cost trend rates, as discussed below.

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Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care cost assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare Part A trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 764,453	\$ 783,054	\$ 804,549

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 885,400	\$ 783,054	\$ 695,527

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

*OPEB plan fiduciary net position.* Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 14 DEFINED CONTRIBUTION PENSION PLAN**

***Voluntary Investment Program***

*Plan Description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available CAFR which includes additional information on the Voluntary Investment Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2020, program members contributed \$63,045 for the Voluntary Investment Program.

**NOTE 15 JOINT VENTURES AND RELATED PARTIES**

The District participates in the following entities. These joint ventures and related parties do not meet the criteria for inclusion within the reporting entity because the following entities:

- are financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- have a separate governing board from that of the District,
- have a separate management which is responsible for day-to-day operations and is accountable to the separate governing board,
- have governing boards and management with the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome for disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

**San Luis Valley Board of Cooperative Educational Services (BOCES)**

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2020. Complete separate financial statements may be obtained from BOCES.

**Colorado School Districts' Self-Insurance Pool**

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability,

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, and other coverage. The Board of Directors is composed of eight persons, several of who are appointed by the Board of Directors of CASB and the Executive Director of CASB. The pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as expenditures in the General Fund. The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2019. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

**NOTE 16 COMMITMENTS AND CONTINGENCIES**

The District participates in federal grant programs subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

***COVID-19***

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020 to provide, among other things, funding for education. In June 2020, the School received \$757,804 of COVID Relief Funds (CRF) under the CARES Act, these funds have been deferred for use in fiscal year 2021. These funding sources are to address the impact COVID-19 has had and continues to have on elementary and secondary schools. There are specific allowable uses for the funds. The funds cannot be used to supplement reductions to per pupil funding that has resulted from the downturn in the economy due to COVID-19. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

**NOTE 17 TABOR EMERGENCY RESERVE**

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. On November 6, 2001 voters approved a ballot measure authorizing the District to collect, retain and expend all revenues including grants and other funds collected during 2000-01 budget year and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided, however, that no property tax mill levy be increased at any time nor shall any new tax be imposed without the prior approval of the voters.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. This Emergency Reserve has been presented as restricted fund balance in the General Fund balance sheet and a restricted net position in the government-wide statement of net position. The entity is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

**NOTE 18 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by Colorado School District's Self Insurance Pool. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

***Self-Insurance Funds***

***Internal Service - Health Insurance Fund***

Effective July 1, 2014, the District began a level-funding self-insurance program to internally provide services previously purchased through a third party contract. The purpose of the program is to pay medical and prescription claims of the District employees and minimize annual medical insurance costs to the District. Medical claims exceeding \$40,000 per covered individual claim liability is covered by a private insurance carrier.

The costs associated with the self-insurance plan are reported as interfund transactions. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the other funds. The District does not report a liability based on the requirements of Governmental Accounting Standards Board No. 10, as the plan is a level-funding health plan in which monthly payments to the Third Party Administrator are fixed.

**NOTE 19 PUPIL ACTIVITY AGENCY FUND BUDGET AND ACTUAL**

The District is required by the Colorado School District Budget Law to budget for the District's Pupil Activity Agency Fund and the Ritchey Scholarship Fund. In accordance with GAAP, however, there is not a statement of revenues, expenses and changes in net position for agency funds to report the budget information, because agency funds do not recognize revenues, expenses or net position in accordance with GAAP. Therefore, the budget and actual amounts for agency funds received and disbursed for the year ended June 30, 2020, are presented below:

***Pupil Activity Agency Fund:***

	Budget		Actual	Variance
	Original	Final		
Beginning Balance Pupil Activity Deposits, As Previously Stated	\$ 128,283	\$ -	\$ 136,696	\$ 136,696
Change in Accounting Principle	-	-	(125,403)	(125,403)
Beginning Balance Pupil Activity Deposits, Restated	128,283	-	11,293	11,293
Agency Fund Receipts	201,717	12,000	6,268	(5,732)
Agency Fund Disbursements	(330,000)	(12,000)	(5,439)	6,561
Ending Balance Pupil Activity Deposits	\$ -	\$ -	\$ 12,122	\$ 12,122

## **MONTE VISTA SCHOOL DISTRICT NO. 8**

### **REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liability are required to supplement the basic financial statements.

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources	\$ 2,200,701	\$ 2,318,015	\$ 2,350,309	\$ 32,294
Intermediate Sources	1,100	1,100	42	(1,058)
State Sources	8,202,361	8,403,354	8,458,129	54,775
Federal Sources	-	-	149,693	149,693
<b>TOTAL REVENUES</b>	<u>10,404,162</u>	<u>10,722,469</u>	<u>10,958,173</u>	<u>235,704</u>
<b>EXPENDITURES</b>				
Instructional Program	6,399,757	6,844,339	6,243,769	600,570
Student Supporting Services	546,186	589,634	518,293	71,341
Instructional Staff Supporting Services	103,513	116,580	243,077	(126,497)
General Administration Supporting Services	226,075	234,915	247,335	(12,420)
School Administration Supporting Services	959,955	943,056	869,168	73,888
Business Supporting Services	402,268	406,669	357,299	49,370
Operations and Maintenance of Plant Services	1,014,464	1,089,436	1,019,207	70,229
Student Transportation Services	364,106	366,629	301,776	64,853
Central Support Services	443,132	447,296	392,621	54,675
Other Support Services	-	122,002	1,567	120,435
Community Services	-	-	78,631	(78,631)
Facilities Acquisition and Construction Services	-	-	148,063	(148,063)
Debt Service	72,216	72,216	72,216	-
Operating Reserves	280,000	280,000	-	280,000
<b>TOTAL EXPENDITURES</b>	<u>10,811,671</u>	<u>11,512,771</u>	<u>10,493,022</u>	<u>1,019,749</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(407,509)</u>	<u>(790,302)</u>	<u>465,151</u>	<u>1,255,453</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease Proceeds	-	-	148,023	148,023
Transfers to Other Funds	(123,285)	(146,200)	(171,200)	(25,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(123,285)</u>	<u>(146,200)</u>	<u>(23,177)</u>	<u>123,023</u>
Net Change in Fund Balance	(530,794)	(936,502)	441,974	1,378,476
<b>Fund Balance, Beginning of Year</b>	<u>2,508,626</u>	<u>2,731,419</u>	<u>2,731,418</u>	<u>(1)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,977,832</u>	<u>\$ 1,794,917</u>	<u>\$ 3,173,392</u>	<u>\$ 1,378,475</u>

**Notes To Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PROJECTS FUND**  
**For the Year Ended June 30, 2020**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
State Sources	\$ 162,332	\$ 226,692	\$ 198,121	\$ (28,571)
Federal Sources	385,637	1,175,196	391,088	(784,108)
<b>TOTAL REVENUES</b>	<b>547,969</b>	<b>1,401,888</b>	<b>589,209</b>	<b>(812,679)</b>
<b>EXPENDITURES</b>				
Instructional Program	267,114	296,869	325,203	(28,334)
Student Supporting Services	114,648	883,679	171,473	712,206
Instructional Staff Supporting Services	159,859	214,992	86,039	128,953
General Administration Supporting Services	6,348	6,348	2,694	3,654
Business Supporting Services	-	-	3,800	(3,800)
<b>TOTAL EXPENDITURES</b>	<b>547,969</b>	<b>1,401,888</b>	<b>589,209</b>	<b>812,679</b>
Net Change in Fund Balance	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Notes To Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PERA SCHDTF PENSION PLAN**  
**For the Years Ended June 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.1065961012%	0.1070459905%	0.1201888576%	0.1208740816%	0.1202021451%	0.1237180975%	0.1255667926%
District's proportionate share of the net pension liability (asset)	\$ 15,925,226	\$ 18,954,691	\$ 38,864,805	\$ 35,988,888	\$ 18,384,069	\$ 16,767,958	\$ 16,016,010
State's proportionate share of the net pension liability (asset) associated with the District	<u>2,019,912</u>	<u>2,591,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,945,138</u>	<u>\$ 21,546,482</u>	<u>\$ 38,864,805</u>	<u>\$ 35,988,888</u>	<u>\$ 18,384,069</u>	<u>\$ 16,767,958</u>	<u>\$ 16,016,010</u>
District's covered payroll	\$ 6,264,153	\$ 5,884,892	\$ 5,544,171	\$ 5,453,729	\$ 5,240,179	\$ 5,182,899	\$ 5,061,993
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	254%	322%	701%	660%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**MONTE VISTA SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERA SCHDTF PENSION PLAN  
For the Years Ended June 30,**

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,214,187	\$ 1,160,152	\$ 1,077,911	\$ 1,009,025	\$ 951,302	\$ 876,868	\$ 821,580	\$ 760,855	\$ 745,120	\$ 702,732
Contributions in relation to the contractually required contribution	<u>(1,214,187)</u>	<u>(1,160,152)</u>	<u>(1,077,911)</u>	<u>(1,009,025)</u>	<u>(951,302)</u>	<u>(876,868)</u>	<u>(821,580)</u>	<u>(760,855)</u>	<u>(745,120)</u>	<u>(702,732)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	6,265,159	6,064,562	5,706,873	5,488,791	5,361,558	5,193,205	5,138,749	5,044,526	5,254,800	5,092,065
Contributions as a percentage of covered payroll	19.38%	19.13%	18.89%	18.38%	17.74%	16.88%	15.99%	15.08%	14.18%	13.80%

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**COLORADO PERA HEALTHCARE TRUST FUND**  
**For the Years Ended June 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0696668572%	0.0695804682%	0.0682908585%	0.0687072539%
District's proportionate share of the net OPEB liability (asset)	\$ 783,054	\$ 946,671	\$ 887,508	\$ 890,813
District's covered payroll	\$ 6,264,153	\$ 5,884,892	\$ 5,544,171	\$ 5,453,729
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	20.00%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the District presents information for those years for which information is available.

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**COLORADO PERA HEALTHCARE TRUST FUND**  
**For the Years Ended June 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 63,905	\$ 61,859	\$ 58,210	\$ 55,986	\$ 54,688	\$ 52,971	\$ 52,415	\$ 51,454	\$ 53,599	\$ 51,939
Contributions in relation to the contractually required contribution	<u>(63,905)</u>	<u>(61,859)</u>	<u>(58,210)</u>	<u>(55,986)</u>	<u>(54,688)</u>	<u>(52,971)</u>	<u>(52,415)</u>	<u>(51,454)</u>	<u>(53,599)</u>	<u>(51,939)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 6,265,159	\$ 6,064,562	\$ 5,706,873	\$ 5,488,824	\$ 5,361,569	\$ 5,193,235	\$ 5,138,725	\$ 5,044,510	\$ 5,254,804	\$ 5,092,059
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

**MONTE VISTA SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2020**

**NOTE 1 NET PENSION LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

2019 The post-retirement benefit increases to the PERA benefit structure for those hired prior to 1/1/07 was changed from 0% through 2019 and 1.5% compounded annually thereafter, to 1.25%.

2018 The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.78%

2017 The discount rate was lowered from 5.26% to 4.78%.

2016

- The price inflation assumption was lowered from 2.80% to 2.40%.
- The long-term expected rate of return assumption was lowered from 7.50% to 7.25% per year.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for actively working people, RP-2014 Healthy Annuitant Mortality Table projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

2015 There were no changes in assumptions or other inputs this measurement period compared to the prior year.

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

Changes in assumptions or other inputs effective for the December 31<sup>st</sup> measurement period for the following years ended:

2019

- The PERA benefit structure for PERACare Medicare plans was revised from 5.00 percent to 5.60 percent in 2019, gradually decreasing to 4.5 percent in 2029.
- The PERA benefit structure for Medicare Part A premiums was revised from 3.25 percent for 2018, gradually rising to 5.00 percent in 2025 to 3.5 percent in 2019, gradually increasing to 4.5 percent in 2029.
- The monthly cost/premium assumed for the PERA benefit structure were revised from the following in 2018:

	Cost for Members without Medicare Part A	Premiums for Members without Medicare part A
Medicare Plan		
Self-Funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
United Healthcare Medicare HMO	686	213

**MONTE VISTA SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS**  
**For the Year Ended June 30, 2020**

to the following in 2019:	Cost for Members without Medicare Part A	Premiums for Members without Medicare part A
Medicare Plan		
Medicare Advantage/Self-Insured Prescription	\$ 601	\$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

- The Medicare Part A premium was increased from \$422 to \$437 per month.
- The initial expected value of Medicare Part A benefits were revised from the following in 2018:

	Cost for Members without Medicare Part A
Medicare Plan	
Self-Funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
United Healthcare Medicare HMO	400

to the following in 2019:	Cost for Members without Medicare Part A
Medicare Plan	
Medicare Advantage/Self-Insured Prescription	\$ 562
Kaiser Permanente Medicare Advantage HMO	571

2018 There were no changes in assumptions or other inputs effective this measurement period compared to the prior year

2017 The Medicare Part A premiums were raised from 3.00% to 3.25%, as well as the gradual percentage rose from 4.25% in 2023 to 5.00% in 2025.

# **MONTE VISTA SCHOOL DISTRICT NO. 8**

## **SUPPLEMENTARY INFORMATION**

The combining financial schedules represent the second level of financial reporting for the District. These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Pupil Activity Fund** – Used to record financial transactions related to school-sponsored pupil intrascholastic and interscholastic athletic and other related activities. These activities are supported in whole or in part by revenues from pupils, gate receipts, and other fundraising activities.

**Food Service Fund** - Used to account for the District's food service program. Revenues are derived from District contributions and student and adult charges.

**CAPITAL PROJECTS FUND**

Capital projects funds are used to account for and report financial resources that are restricted or committed to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

**Building Fund** – Used to account for all resources available for acquiring capital sites, buildings, and equipment. Specifically, bond and grant proceeds for construction projects.

**MONTE VISTA SCHOOL DISTRICT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE - BALANCE SHEET**  
**June 30, 2020**

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>	<u>FUND BUILDING FUND</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 171,448	\$ 124,608	\$ 608,357	\$ 904,413
Due From Other Funds	-	-	-	-
Inventory	-	22,029	-	22,029
<b>TOTAL ASSETS</b>	<u>\$ 171,448</u>	<u>\$ 146,637</u>	<u>\$ 608,357</u>	<u>\$ 926,442</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ 13,740	\$ -	\$ 13,740
Due To Other Funds	-	836	-	836
Accrued Salaries and Benefits	-	39,309	-	39,309
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>53,885</u>	<u>-</u>	<u>53,885</u>
<b>FUND BALANCE</b>				
Nonspendable				
Inventory	-	22,029	-	22,029
Restricted				
BEST Capital Reserve Renewal	-	-	378,014	378,014
Bond Proceeds for Capital Construction	-	-	92,618	92,618
Committed				
Pupil Activities	171,448	-	-	171,448
Food Service	-	70,723	-	70,723
Capital Projects/Equipment	-	-	137,725	137,725
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>171,448</u>	<u>92,752</u>	<u>608,357</u>	<u>872,557</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 171,448</u>	<u>\$ 146,637</u>	<u>\$ 608,357</u>	<u>\$ 926,442</u>

**MONTE VISTA SCHOOL DISTRICT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2020**

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>PUPIL ACTIVITY FUND</u>	<u>FOOD SERVICE FUND</u>	<u>BUILDING FUND</u>	
<b>REVENUES</b>				
Local Sources	\$ 269,860	\$ 60,893	\$ 9,608	\$ 340,361
State Sources	-	9,450	116,221	125,671
Federal Sources	-	472,103	-	472,103
<b>TOTAL REVENUES</b>	<u>269,860</u>	<u>542,446</u>	<u>125,829</u>	<u>938,135</u>
<b>EXPENDITURES</b>				
Instructional Program	284,352	-	-	284,352
Facilities Acquisition and Construction Services	-	-	158,550	158,550
Food Services	-	528,577	-	528,577
<b>TOTAL EXPENDITURES</b>	<u>284,352</u>	<u>528,577</u>	<u>158,550</u>	<u>971,479</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,492)</u>	<u>13,869</u>	<u>(32,721)</u>	<u>(33,344)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	<u>54,200</u>	<u>50,000</u>	<u>67,000</u>	<u>171,200</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>54,200</u>	<u>50,000</u>	<u>67,000</u>	<u>171,200</u>
Net Change in Fund Balance	39,708	63,869	34,279	137,856
<b>Fund Balance, Beginning of Year, As Previously Stated</b>	6,337	28,883	574,078	609,298
<b>Change in Accounting Principle</b>	<u>125,403</u>	<u>-</u>	<u>-</u>	<u>125,403</u>
<b>Fund Balance, Beginning of Year, Restated</b>	<u>131,740</u>	<u>28,883</u>	<u>574,078</u>	<u>734,701</u>
<b>Fund Balance, End of year</b>	<u>\$ 171,448</u>	<u>\$ 92,752</u>	<u>\$ 608,357</u>	<u>\$ 872,557</u>

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PUPIL ACTIVITY FUND**  
**For the Year Ended June 30, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources	\$ 120,800	\$ 464,463	\$ 269,860	\$ (194,603)
<b>TOTAL REVENUES</b>	<u>120,800</u>	<u>464,463</u>	<u>269,860</u>	<u>(194,603)</u>
<b>EXPENDITURES</b>				
Instructional Program	175,000	525,000	284,352	240,648
<b>TOTAL EXPENDITURES</b>	<u>175,000</u>	<u>525,000</u>	<u>284,352</u>	<u>240,648</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(54,200)</u>	<u>(60,537)</u>	<u>(14,492)</u>	<u>46,045</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	54,200	54,200	54,200	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>54,200</u>	<u>54,200</u>	<u>54,200</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>(6,337)</u>	<u>39,708</u>	<u>46,045</u>
<b>Fund Balance, Beginning of Year, As Previously Stated</b>	-	6,337	6,337	-
<b>Change in Accounting Principle</b>	<u>-</u>	<u>-</u>	<u>125,403</u>	<u>125,403</u>
<b>Fund Balance, Beginning of Year, Restated</b>	<u>-</u>	<u>6,337</u>	<u>131,740</u>	<u>125,403</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,448</u>	<u>\$ 171,448</u>

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**For the Year Ended June 30, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Local Sources	\$ 45,300	\$ 45,300	\$ 60,893	\$ 15,593
State Sources	450,552	10,200	9,450	(750)
Federal Sources	-	448,316	472,103	23,787
<b>TOTAL REVENUES</b>	<u>495,852</u>	<u>503,816</u>	<u>542,446</u>	<u>38,630</u>
<b>EXPENDITURES</b>				
Supporting Services				
Food Services				
Salaries	187,320	182,475	182,784	(309)
Fringe Benefits	87,039	85,812	73,605	12,207
Purchased Professional Services	-	583	20	563
Purchased Property Services	-	1,500	-	1,500
Other Purchased Services	7,200	2,500	3,524	(1,024)
Travel	-	2,500	214	2,286
Food and Commodities	239,893	261,893	250,950	10,943
Facilities Acquisition and Construction Services	9,400	15,436	17,480	(2,044)
Operating Reserves	5,000	5,000	-	5,000
<b>TOTAL EXPENDITURES</b>	<u>535,852</u>	<u>557,699</u>	<u>528,577</u>	<u>29,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(40,000)</u>	<u>(53,883)</u>	<u>13,869</u>	<u>67,752</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	-	25,000	50,000	25,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>25,000</u>	<u>50,000</u>	<u>25,000</u>
Net Change in Fund Balance	(40,000)	(28,883)	63,869	92,752
<b>Fund Balance, Beginning of Year</b>	<u>40,000</u>	<u>28,883</u>	<u>28,883</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,752</u>	<u>\$ 92,752</u>

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BUILDING FUND**  
**For the Year Ended June 30, 2020**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 9,500	\$ 9,500	\$ 9,608	\$ 108
State Sources	-	116,221	116,221	-
<b>TOTAL REVENUES</b>	<u>9,500</u>	<u>125,721</u>	<u>125,829</u>	<u>108</u>
<b>EXPENDITURES</b>				
Facilities Acquisition and Construction Services	-	154,961	158,550	(3,589)
Operating Reserves	518,056	461,216	-	461,216
<b>TOTAL EXPENDITURES</b>	<u>518,056</u>	<u>616,177</u>	<u>158,550</u>	<u>457,627</u>
Excess (Deficiency) of Revenues Over Expenditures	(508,556)	(490,456)	(32,721)	457,735
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	341,008	341,008	67,000	(274,008)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>341,008</u>	<u>341,008</u>	<u>67,000</u>	<u>(274,008)</u>
Net Change in Fund Balance	(167,548)	(149,448)	34,279	183,727
<b>Fund Balance, Beginning of Year</b>	<u>167,548</u>	<u>149,448</u>	<u>574,078</u>	<u>424,630</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,357</u>	<u>\$ 608,357</u>

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BOND REDEMPTION FUND**  
**For the Year Ended June 30, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Local Sources	\$ 582,658	\$ 582,658	\$ 573,263	\$ (9,395)
<b>TOTAL REVENUES</b>	<u>582,658</u>	<u>582,658</u>	<u>573,263</u>	<u>(9,395)</u>
<b>EXPENDITURES</b>				
Debt Service	664,387	664,387	577,462	86,925
Operating Reserves	855,821	859,287	-	859,287
<b>TOTAL EXPENDITURES</b>	<u>1,520,208</u>	<u>1,523,674</u>	<u>577,462</u>	<u>946,212</u>
Net Change in Fund Balance	(937,550)	(941,016)	(4,199)	936,817
<b>Fund Balance, Beginning of Year</b>	<u>937,550</u>	<u>941,016</u>	<u>941,016</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 936,817</u>	<u>\$ 936,817</u>

**MONTE VISTA SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUES</b>				
Premiums	\$ 1,080,000	\$ 1,080,000	\$ 1,056,654	\$ (23,346)
<b>TOTAL OPERATING REVENUES</b>	<u>1,080,000</u>	<u>1,080,000</u>	<u>1,056,654</u>	<u>(23,346)</u>
<b>OPERATING EXPENSES</b>				
Purchased Services	1,080,000	1,151,500	1,120,974	30,526
Operating Reserves	46,010	40,078	-	40,078
<b>TOTAL OPERATING EXPENSES</b>	<u>1,126,010</u>	<u>1,191,578</u>	<u>1,120,974</u>	<u>70,604</u>
Operating Income (Loss)	<u>(46,010)</u>	<u>(111,578)</u>	<u>(64,320)</u>	<u>47,258</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(46,010)	(111,578)	(64,320)	47,258
<b>Net Position, Beginning of Year</b>	<u>46,010</u>	<u>111,578</u>	<u>111,578</u>	<u>-</u>
<b>Net Position, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,258</u>	<u>\$ 47,258</u>

**MONTE VISTA SCHOOL DISTRICT NO. 8**

**SINGLE AUDIT SECTION**

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Child Nutrition Cluster</i></b>			
U.S. Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 125,109
Total School Breakfast Program			<u>125,109</u>
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	29,253
COVID-19 - National School Lunch Program	10.555	Colorado Department of Education, 4555	146,507
National School Lunch Program	10.555	Colorado Department of Education, 4555	163,270
Total National School Lunch Program			<u>339,030</u>
<b><i>Total Child Nutrition Cluster</i></b>			<u>464,139</u>
<b><i>Forest Service Schools and Roads Cluster</i></b>			
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Rio Grande County Treasurer, 7665	137,725
<b><i>Total Forest Service Schools and Roads Cluster</i></b>			<u>137,725</u>
<b><i>Total U.S. Department of Agriculture</i></b>			<u>601,864</u>
<b><i>Total All Clusters</i></b>			<u>601,864</u>
<b><i>Other Programs</i></b>			
U.S. Department of Agriculture			
Child Nutrition Discretionary Grants Limited Availability	10.579	Colorado Department of Education, 5579	7,964
<b><i>Total U.S. Department of Agriculture</i></b>			<u>7,964</u>
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010	271,474
Total Title I Grants to Local Educational Agencies			<u>271,474</u>
Career and Technical Education -- Basic Grants to States	84.048	Colorado Department of Education and Trinidad State Junior College, 4048	11,968
Total Career and Technical Education -- Basic Grants to States			<u>11,968</u>
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424	17,732
Total Student Support and Academic Enrichment Program			<u>17,732</u>
Rural Education	84.358	Colorado Department of Education, 6358	19,788
Total Rural Education			<u>19,788</u>

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Special Education - State Personnel Development	84.323	Colorado Department of Education, 5323	24,039
Total Special Education - State Personnel Development			24,039
English Language Acquisition State Grants	84.365	Colorado Department of Education, 4365	5,833
Total English Language Acquisition State Grants			5,833
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education, 4367	52,222
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			52,222
<i>Total U.S. Department of Education</i>			403,056
<i>Total Other Programs</i>			411,020
<i>Total Expenditures of Federal Awards</i>			\$ 1,012,884

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Monte Vista School District No. 8 did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2020. In addition, the District did not pass-through federal funds to subrecipients.

**NOTE 2: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Monte Vista School District No. 8 under programs of the federal government for the year ended June 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of Monte Vista School District No. 8, it is not intended to and does not present the financial position or changes in net position of Monte Vista School District No. 8.

**NOTE 3: FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.



Wall,  
Smith,  
Bateman Inc.

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

To the Board of Education  
Monte Vista School District No. 8  
Monte Vista, Colorado

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 Monte Vista School District No. 8 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 12, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**Certified Public Accountants**

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **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.



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

January 12, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**



**Wall,  
Smith,  
Bateman Inc.**

To the Board of Education  
Monte Vista School District No. 8  
Monte Vista, Colorado

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

We have audited Monte Vista School District No. 8's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 the 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 the District's compliance.

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

In our opinion, Monte Vista School District No. 8 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, 2020.

**Certified Public Accountants**

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## Report on Internal Control over Compliance

Management of the 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 the 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 the 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.



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

January 12, 2021

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2020**

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes        X  none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_yes        X  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes        X  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_yes        X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_X\_\_\_\_\_yes      \_\_\_\_\_no

**Section II – Financial Statement Findings**

None

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

None

**Section III – Prior Year Audit Findings**

None

**MONTE VISTA SCHOOL DISTRICT NO. 8**

**CDE COMPLIANCE SECTION**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2740 - Monte Vista C-8  
 Fiscal Year 2019-20  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,728,363	10,597,788	10,167,660	3,158,491
18 Risk Mgmt Sub-Fund of General Fund	3,056	150,737	138,892	14,901
19 Colorado Preschool Program Fund	0	186,470	186,470	0
<b>Sub- Total</b>	<b>2,731,419</b>	<b>10,934,995</b>	<b>10,493,022</b>	<b>3,173,392</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	28,883	592,445	528,576	92,751
22 Govt Designated-Purpose Grants Fund	0	589,208	589,208	0
23 Pupil Activity Special Revenue Fund	131,740	324,060	284,352	171,448
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	941,016	573,262	577,461	936,816
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	574,077	192,828	158,549	608,357
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>4,407,135</b>	<b>13,206,798</b>	<b>12,631,169</b>	<b>4,982,764</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	111,577	0	64,318	47,259
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>111,577</b>	<b>0</b>	<b>64,318</b>	<b>47,259</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	11,293	6,268	5,439	12,122
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>11,293</b>	<b>6,268</b>	<b>5,439</b>	<b>12,122</b>

FINAL