

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

**FINANCIAL STATEMENTS**

**June 30, 2014**



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

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

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**June 30, 2014**

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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, the business-type 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, 2014, 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.

#### Certified Public Accountants

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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities , the business -type activities , each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial 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.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-14 and 44-45 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 supplementary information, as listed in the table of contents, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* , and is also not a required part of the basic financial statements.

The supplementary information, the schedule of expenditures of federal awards, and the Colorado school district's auditor's integrity report 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 supplementary information, the schedule of expenditures of federal awards, and the Colorado school districts auditor's integrity report 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 December 10, 2014, 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.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

December 10, 2014

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
**For the Fiscal Year Ended June 30, 2014**

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, 2014. 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, 2014, are as follows:

- λ In total, net position for the District is \$31,402,134 , a decrease of \$1,217,228 . The decrease in net position is due primarily to depreciation expense reducing Net Investment in Capital Assets.
- λ General Revenues accounted for \$8,281,697 in revenue or 88% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$1,160,939 or 12% of total revenues of \$9,442,636 .
- λ The District had \$10,592,476 in expenses related to governmental activities . Of these expenses only \$977,346 were offset by program specific charges for services, grants and contributions. An additional \$183,593 in BEST grant revenue was used to offset construction costs.

*Governmental Funds*

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

- λ The General Fund had \$8,086,065 in revenues , \$528,880 in lease proceeds, and \$8,610,686 in expenditures. The General Fund's fund balance increased \$4,259 to \$1,794,795 from \$1,790,536 . A portion of the ending fund balance was set aside to meet other obligations as follows:

Restricted:	
TABOR 3% Reserve	\$ 248,000
Committed:	
Multi-year Contracts	110,000
Assigned:	
Designated for Subsequent Years	665,574
Pupil Count Audit	60,000
Future Vehicle Purchase	30,000
Unassigned:	<u>681,221</u>
Total Fund Balance	<u>\$1,794,795</u>

- λ The Projects Fund (Governmental Designated Purpose Grants) had revenues from grants and other sources of \$524,365 and expenditures of \$524,365 .
- λ The Bond Redemption Fund had revenues from property taxes and earnings on investments of \$588,498 and debt service payments of \$584,707. The fund balance increased by \$3,791 to \$890,677 . The District passed a bond issue in November, 2008 for \$8.4 million. As of June 30, 2013, a total of \$8,397,301 of the \$8.4 million has been sold. The mill levy of 11.500 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.

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
**For the Fiscal Year Ended June 30, 2014**

- λ The Building Fund is used to account for all resources available for acquiring capital sites, buildings and equipment. Funding sources include bond issues, grants, donations and transfers from the General Fund. The BEST Capital Renewal Reserve amount of \$100,000 is maintained in the Building Fund.

*Business -Type Fund*

The District has one Business -type fund which is the Food Service Fund.

- λ Net position for the enterprise fund (Food Services) decreased by \$7,388 from \$166,813 to \$159,425. Operating expenses of \$530,278 exceeded operating revenues (food sales) of \$46,914. Federal grants of \$385,900 from the National School Lunch and Breakfast Program, commodities from the USDA of \$15,888 and other State and Federal grants of \$14,184 reduced the operating loss to \$67,388. During the year the District started providing free breakfast to all students under the "Breakfast After the Bell" program. This program increased participation in Breakfast dramatically, thus increasing grant funding from the Federal Government under the National School Breakfast Program. The District supplemented this program from general revenues in the amount of \$60,000, an decrease of \$15,000 over the prior year, as the pricing of sales was insufficient to meet expenses. Every effort has been made to reduce costs where possible without reducing the quality of the program. Meal prices have been increased as allowable under the grant guidelines. New nutrition guidelines are impacting the costs of food now and in the future.

**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.

- λ 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.
- λ 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.
- λ 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.
- λ Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as nutritional services.
- λ 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.

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
**For the Fiscal Year Ended June 30, 2014**

*Government-wide Statements*

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

The two government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, liabilities and deferred inflows of resources – is one way to measure the District's financial health or *position*.

- λ Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- λ 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 divided into two categories:

- λ *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.
- λ *Business -type activities*: The District charges fees to help cover the costs of certain services it provides. In addition, costs are covered by federal grants and an allocation from general revenues. The District's nutritional services program is included here.

*Fund Financial Statements*

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

- λ Some funds are required by state law and by bond covenants.
- λ The District establishes other funds to control and manage money for particular 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:

- λ *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

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
**For the Fiscal Year Ended June 30, 2014**

not encompass the additional long-term focus of the government-wide statements, additional schedules explain the relationship (or differences) between them.

- λ *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flows.
- λ *Fiduciary funds:* The District is the agent, or *fiduciary*, for assets that belong to others, such as small scholarship funds and student activities 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.

*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 2015. 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 2014.

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
For the Fiscal Year Ended June 30, 2014

**Table I**  
**Condensed Statement of Net Position**  
**As of June 30, 2014**

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2013	2014	2013	2014	2013	2014	
<b>Assets</b>							
Current Assets	\$ 4,178,543	\$ 4,291,851	\$ 55,842	\$ 69,062	\$ 4,234,385	\$ 4,360,913	2.99%
Capital Assets	38,547,410	37,314,772	164,249	149,535	38,711,659	37,464,307	-3.22%
<b>Total Assets</b>	<b>42,725,953</b>	<b>41,606,623</b>	<b>220,091</b>	<b>218,597</b>	<b>42,946,044</b>	<b>41,825,220</b>	<b>-2.61%</b>
<b>Liabilities</b>							
Current Liabilities	1,495,079	1,521,587	39,079	40,974	1,534,158	1,562,561	1.85%
Long-Term Liabilities	8,744,121	8,787,155	14,199	18,198	8,758,320	8,805,353	0.54%
<b>Total Liabilities</b>	<b>10,239,200</b>	<b>10,308,742</b>	<b>53,278</b>	<b>59,172</b>	<b>10,292,478</b>	<b>10,367,914</b>	<b>0.73%</b>
<b>Deferred Inflows of Resources</b>							
Unavailable Revenue -							
Property Tax	34,204	55,172	-	-	34,204	55,172	61.30%
<b>Net Position</b>							
Net Investment in							
Capital Assets	29,965,112	28,533,907	164,249	149,535	30,129,361	28,683,442	-4.80%
Restricted	1,131,886	1,238,677	-	-	1,131,886	1,238,677	9.43%
Unrestricted	1,355,551	1,470,125	2,564	9,890	1,358,115	1,480,015	8.98%
<b>Total Net Position</b>	<b>\$ 32,452,549</b>	<b>\$ 31,242,709</b>	<b>\$ 166,813</b>	<b>\$ 159,425</b>	<b>\$ 32,619,362</b>	<b>\$ 31,402,134</b>	<b>-3.73%</b>

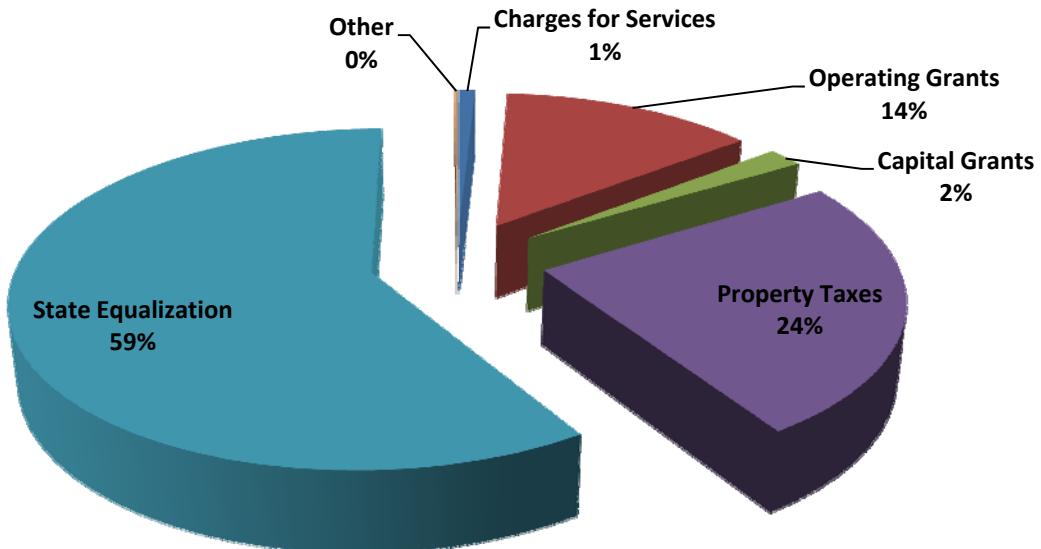
**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
For the Fiscal Year Ended June 30, 2014

**Table II**  
**Condensed Statement of Changes in Net Position**  
**Fiscal Year 2014**

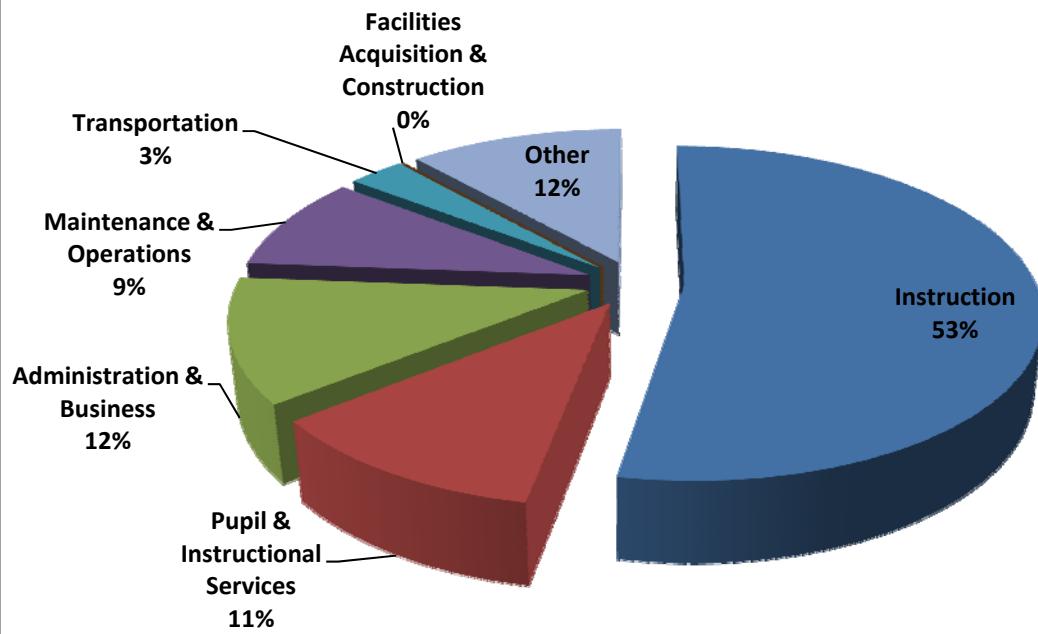
	Governmental Activities		Business-Type Activities		Total School District		% Change
	2013	2014	2013	2014	2013	2014	
<b>Revenue</b>							
Program Revenues:							
Charges for Services	\$ 17,861	\$ 38,710	\$ 53,835	\$ 46,914	\$ 71,696	\$ 85,624	19.43%
Operating Grants & Contributions	842,732	938,636	311,549	415,972	1,154,281	1,354,608	17.36%
Capital Grants & Contributions	2,779,518	183,593	177,452	-	2,956,970	183,593	-93.79%
General Revenues:							
Property Taxes	2,398,897	2,430,471	-	-	2,398,897	2,430,471	1.32%
State Equalization	5,777,474	5,842,555	-	-	5,777,474	5,842,555	1.13%
Other	38,011	8,671	3	4	38,014	8,675	-77.18%
<b>Total Revenues</b>	<b>11,854,493</b>	<b>9,442,636</b>	<b>542,839</b>	<b>462,890</b>	<b>12,397,332</b>	<b>9,905,526</b>	<b>-20.10%</b>
<b>Expenses</b>							
Instruction	5,979,069	5,886,847	-	-	5,979,069	5,886,847	-1.54%
Pupil & Instructional Services	916,341	1,258,740	-	-	916,341	1,258,740	37.37%
Administration & Business	1,304,765	1,331,392	-	-	1,304,765	1,331,392	2.04%
Maintenance & Operations	1,050,398	1,023,891	-	-	1,050,398	1,023,891	-2.52%
Transportation	292,356	335,460	-	-	292,356	335,460	14.74%
Facilities Acquisition & Construction	193,676	-	-	-	193,676	-	0.00%
Other	863,913	756,146	455,832	530,278	1,319,745	1,286,424	-2.52%
<b>Total Expenses</b>	<b>10,600,518</b>	<b>10,592,476</b>	<b>455,832</b>	<b>530,278</b>	<b>11,056,350</b>	<b>11,122,754</b>	<b>0.60%</b>
<b>Excess (Deficiency) Before Transfers</b>							
	1,253,975	(1,149,840)	87,007	(67,388)	1,340,982	(1,217,228)	-190.77%
<b>Transfer to Business-Type Activities</b>	<b>(75,000)</b>	<b>(60,000)</b>	<b>75,000</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 1,178,975</b>	<b>\$ (1,209,840)</b>	<b>\$ 162,007</b>	<b>\$ (7,388)</b>	<b>\$ 1,340,982</b>	<b>\$ (1,217,228)</b>	<b>-190.77%</b>
<b>Ending Net Position</b>	<b>\$ 32,452,549</b>	<b>\$ 31,242,709</b>	<b>\$ 166,813</b>	<b>\$ 159,425</b>	<b>\$ 32,619,362</b>	<b>\$ 31,402,134</b>	<b>-3.73%</b>

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
For the Fiscal Year Ended June 30, 2014

**2013-2014 REVENUES - GOVERNMENT WIDE**



**2013-2014 EXPENDITURES - GOVERNMENT WIDE**



**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
**For the Fiscal Year Ended June 30, 2014**

*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 \$1,436,795. The Tax Payer Bill of Rights (TABOR) Reserve, required by state statute, was increased to \$248,000. This reserve is based on 3% of specific revenue sources. The District's TABOR Reserve is held in cash at local financial institutions.

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 \$7,993 per student or \$8,747,084. This is an increase of \$114 or 1.45% over the previous year. The total program funding was then adjusted by the "Negative Factor" of 15.42% or \$1,348,872, reducing the actual funding by about \$1,232 per student. The funded pupil count for fiscal year 2014 was 1,094.3. The District's funded pupil count decreased by approximately 0.9%. 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 2014**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
Instruction	\$ 5,979,069	\$ 5,886,847	\$ 5,250,314	\$ 5,040,390
Pupil & Instructional Services	916,341	1,258,740	837,069	1,188,313
Administration & Business	1,304,765	1,331,392	1,304,765	1,325,792
Maintenance & Operations	1,050,398	1,023,891	1,050,398	1,023,891
Transportation	292,356	335,460	239,790	280,598
Facilities Acquisiton & Constr	193,676	-	(2,585,842)	(183,593)
Other	863,913	756,146	863,913	756,146
<b>Total Expenses</b>	<b>\$ 10,600,518</b>	<b>\$ 10,592,476</b>	<b>\$ 6,960,407</b>	<b>\$ 9,431,537</b>

The District received capital construction funds for building projects in the form of the BEST grant. Expenditures that offset those grants are recorded in the government wide statements as capitalized assets with only the depreciation shown in the cost of services.

*Business-Type Activities*

Business-type activities are made up of the Food Services Fund. The District's Food Service Fund showed a net loss of \$67,388 before operating transfers in fiscal year 2014.

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
**For the Fiscal Year Ended June 30, 2014**

**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 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 2013-14 adopted General Fund budget was amended in January, 2014, for the following reasons:

- λ In the original budget in June 2013, revenue numbers were based on Funded Pupil Count of 1,104.6. Actual count came in at 1,094.3, a decrease of 10.3. This results in a decrease in the state share (Equalization) of \$133,228.
- λ Adjustments were made to reflect unexpected revenues in the form grants and other revenues including, but not all, Read Act for \$30,520 and Secure Rural Schools for \$30,000.
- λ The audited beginning fund balance increase of \$185,250 helps offset expenditures for the current year that exceed current budgeted revenues.
- λ 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 FY2014 ending fund balances and final numbers for grant funds.

The Monte Vista School Board approved the following supplemental budgets:

- λ The General Fund budget was amended in March, 2014, to reflect the proceeds from a lease purchase agreement and the subsequent expenditures for one-to-one technology purchases. Total increase in revenues and expenditures was \$527,400.
- λ The Projects Fund budget was amended in March, 2014, to reflect the receipt of RTTT Early Childhood funding in the amount of \$716.

District General Fund expenditures were lower than total budgeted expenditures by \$1,569,101, as is reflected in budgeted carryover of \$1,056,390 and the unexpended balance from the lease purchase agreement.

**Capital Assets and Debt Administration**

*Capital Assets*

On June 30, 2014, the District had \$37,314,772 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 and business -type activities.

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
For the Fiscal Year Ended June 30, 2014

**Table IV**  
**Capital Assets at June 30, 2014**  
**(Net of Depreciation)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total School District</b>		<b>% Change</b>
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	
Sites	\$ 228,329	\$ 228,329	\$ -	\$ -	\$ 228,329	\$ 228,329	0.00%
Site Improvements -							
Inexhaustible	2,519,252	2,519,252	-	-	2,519,252	2,519,252	0.00%
Land Improvements	4,318,371	4,193,462	-	-	4,318,371	4,193,462	-2.89%
Buildings	30,129,385	29,100,472	-	-	30,129,385	29,100,472	-3.41%
Equipment	1,006,698	1,000,170	164,249	149,535	1,170,947	1,149,705	-1.81%
Vehicles	345,375	273,087	-	-	345,375	273,087	-20.93%
Construction in Progress	-	-	-	-	-	-	0.00%
<b>Totals</b>	<b>\$ 38,547,410</b>	<b>\$ 37,314,772</b>	<b>\$ 164,249</b>	<b>\$ 149,535</b>	<b>\$ 38,711,659</b>	<b>\$ 37,464,307</b>	<b>-3.22%</b>

*Long-Term Debt*

At June 30, 2014, the District had \$9,120,655 in total long-term debt. Of this amount \$547,426 is due within one year. Table V details the outstanding debt and the portion due within one year for the District. Compensated absences of \$203,391, 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, 2014**

	<b>2013</b>		<b>2014</b>	
	<b>Due Within One Year</b>	<b>Total Debt</b>	<b>Due Within One Year</b>	<b>Total Debt</b>
General Obligation Bonds	\$ 230,128	\$ 8,076,605	\$ 235,643	\$ 7,846,477
Lease Purchase Agreements	90,234	281,816	192,170	720,462
Early Retirement Bonus Payable	136,133	419,544	115,623	350,325
Compensated Absences Payable	-	198,774	3,990	203,391
<b>Totals</b>	<b>\$ 456,495</b>	<b>\$ 8,976,739</b>	<b>\$ 547,426</b>	<b>\$ 9,120,655</b>

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, 2014, was \$2,910,000.

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, 2014, was \$1,580,000. 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, 2014, was \$3,356,477. Both these bonds were issued

**Monte Vista School District C-8**  
*Management's Discussion & Analysis*  
**For the Fiscal Year Ended June 30, 2014**

from the \$8,400,000 ballot measure approved in November, 2008, bringing the total issued to \$8,397,301.

In December, 2013, the District entered into a 5 year lease-purchase agreement with Government Capital Corporation in the amount of \$528,880 for the purchase of equipment and services associated with the one-to-one technology initiative.

**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.

- λ The District has been experiencing declining enrollment since fiscal year 2000. The enrollment for 2014-2015 has remained stable. 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)*. For fiscal year 2014-2015 it is still to our advantage to use the averaging method.
- λ 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 Negative Factor. The Negative Factor in FY 2010-11 was 10.364%, for FY 2011-12 the factor was 12.97%, for FY 2012-13 it was 16.11% and for FY 2013-14 was \$15.42%. The negative factor for FY 2014-15 is anticipated to be 13.12%. This reduction in funding along with the reduction in student count could have a significant impact on funding received from the State.
- λ In June 2014, the District discontinued its participation with the BEST Health Plan, effective July 1, 2014. The District partnered with Advanced Benefit Associates (ABA) and CIGNA to create a new medical insurance program. The new plan is a partially self-insured plan with several levels of stop loss coverages. Premiums for the new program will be deposited into a new fund – Internal Service-Benefits. CIGNA will be the administrator for the claims and will withdraw from the fund, the premium billing fee and the claims dollars. Any unused claim dollars will be rolled over to the next year to offer other benefits or offset premiums.

**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 NO. 8

## STATEMENT OF NET POSITION

June 30, 2014

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>TOTAL</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 3,881,720	\$ 158,658	\$ 4,040,378
Accounts Receivable	91,666	-	91,666
Property Tax Receivable	55,172	-	55,172
Due from Other Governments	165,443	-	165,443
Internal Balances	97,850	(97,850)	-
Inventories	-	8,254	8,254
<b>Total Current Assets</b>	<b>4,291,851</b>	<b>69,062</b>	<b>4,360,913</b>
<b>Noncurrent Assets</b>			
Capital Assets			
Land	228,329	-	228,329
Site Improvements	2,519,252	-	2,519,252
Land Improvements	4,620,961	-	4,620,961
Buildings	36,933,083	-	36,933,083
Equipment	1,859,497	218,726	2,078,223
Vehicles	1,022,255	-	1,022,255
Less Accumulated Depreciation	(9,868,605)	(69,191)	(9,937,796)
<b>Total Noncurrent Assets</b>	<b>37,314,772</b>	<b>149,535</b>	<b>37,464,307</b>
<b>TOTAL ASSETS</b>	<b>41,606,623</b>	<b>218,597</b>	<b>41,825,220</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	118,497	4,076	122,573
Accrued Salaries and Benefits	855,664	36,898	892,562
Lease Purchase Agreement	192,170	-	192,170
General Obligation Bonds	235,643	-	235,643
Early Retirement Bonus	115,623	-	115,623
Compensated Absences	3,990	-	3,990
<b>Total Current Liabilities</b>	<b>1,521,587</b>	<b>40,974</b>	<b>1,562,561</b>
<b>Noncurrent Liabilities</b>			
Premium on Issuance of Bonds	213,926	-	213,926
Lease Purchase Agreement	528,292	-	528,292
General Obligation Bonds	7,610,834	-	7,610,834
Early Retirement Bonus	234,702	-	234,702
Compensated Absences	199,401	18,198	217,599
<b>Total Noncurrent Liabilities</b>	<b>8,787,155</b>	<b>18,198</b>	<b>8,805,353</b>
<b>TOTAL LIABILITIES</b>	<b>10,308,742</b>	<b>59,172</b>	<b>10,367,914</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Property Tax	55,172	-	55,172
<b>NET POSITION</b>			
Net Investment in Capital Assets	28,533,907	149,535	28,683,442
Restricted for			
Debt Service	890,677	-	890,677
TABOR	248,000	-	248,000
BEST Capital Renewal Reserve	100,000	-	100,000
Unrestricted	1,470,125	9,890	1,480,015
<b>TOTAL NET POSITION</b>	<b>\$ 31,242,709</b>	<b>\$ 159,425</b>	<b>\$ 31,402,134</b>

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

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**STATEMENT OF ACTIVITIES**  
**Fiscal Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	TOTAL
<b>Primary Government</b>							
<b>Governmental Activities</b>							
Instructional Program	\$ 5,886,847	\$ 26,570	\$ 819,887	\$ -	\$ (5,040,390)	\$ -	\$ (5,040,390)
Student Supporting Services	510,670	1,796	55,465	-	(453,409)	-	(453,409)
Instructional Staff Supporting Services	748,070	-	13,166	-	(734,904)	-	(734,904)
General Administration Supporting Services	509,862	5,600	-	-	(504,262)	-	(504,262)
School Administration Supporting Services	807,642	-	-	-	(807,642)	-	(807,642)
Business Supporting Services	13,888	-	-	-	(13,888)	-	(13,888)
Operations and Maintenance of Plant Services	1,023,891	-	-	-	(1,023,891)	-	(1,023,891)
Student Transportation Services	335,460	4,744	50,118	-	(280,598)	-	(280,598)
Central Supporting Services	401,070	-	-	-	(401,070)	-	(401,070)
Facilities Acquisition and Construction Services	-	-	-	183,593	183,593	-	183,593
Interest on Long-term Debt	355,076	-	-	-	(355,076)	-	(355,076)
<b>Total Governmental Activities</b>	<b>10,592,476</b>	<b>38,710</b>	<b>938,636</b>	<b>183,593</b>	<b>(9,431,537)</b>	<b>-</b>	<b>(9,431,537)</b>
<b>Business-Type Activities</b>							
Food Services	530,278	46,914	415,972	-	-	(67,392)	(67,392)
<b>Total Business-Type Activities</b>	<b>530,278</b>	<b>46,914</b>	<b>415,972</b>	<b>-</b>	<b>-</b>	<b>(67,392)</b>	<b>(67,392)</b>
<b>Total Primary Government</b>	<b>\$ 11,122,754</b>	<b>\$ 85,624</b>	<b>\$ 1,354,608</b>	<b>\$ 183,593</b>	<b>(9,431,537)</b>	<b>(67,392)</b>	<b>(9,498,929)</b>

**General Revenues**

Taxes			
General Property Taxes - Net	2,159,772	-	2,159,772
Specific Ownership Taxes	268,805	-	268,805
Other Taxes	1,894	-	1,894
State Equalization	5,842,555	-	5,842,555
Interest on Investments	3,954	4	3,958
Miscellaneous	4,717	-	4,717
<b>Total General Revenues</b>	<b>8,281,697</b>	<b>4</b>	<b>8,281,701</b>
Transfers	(60,000)	60,000	-
<b>Change in Net Position</b>	<b>(1,209,840)</b>	<b>(7,388)</b>	<b>(1,217,228)</b>
<b>Net Position, Beginning of Year</b>	<b>32,452,549</b>	<b>166,813</b>	<b>32,619,362</b>
<b>Net Position, End of Year</b>	<b>\$ 31,242,709</b>	<b>\$ 159,425</b>	<b>\$ 31,402,134</b>

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

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2014**

	GENERAL FUND	PROJECTS FUND	BOND REDEMPTION FUND
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,370,660	\$ 64,819	\$ 869,195
Accounts Receivable	68,884	-	22,782
Property Tax Receivable	39,967	-	15,205
Due from Other Governments	5,172	160,271	-
Due from Other Funds	<u>262,671</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ 2,747,354</b>	<b>\$ 225,090</b>	<b>\$ 907,182</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 107,484	\$ 10,533	\$ -
Due to Other Funds	480	163,521	1,300
Accrued Salaries and Benefits	<u>804,628</u>	<u>51,036</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>912,592</u></b>	<b><u>225,090</u></b>	<b><u>1,300</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Property Tax	<u>39,967</u>	<u>-</u>	<u>15,205</u>
<b>FUND BALANCE</b>			
Restricted			
TABOR 3% Reserve	248,000	-	-
BEST Capital Reserve Renewal	-	-	-
Debt Service	-	-	890,677
Bond Proceeds for Capital Construction	-	-	-
Committed			
Multi-year Contracts	110,000	-	-
Capital Projects/Equipment	-	-	-
Pupil Activities	-	-	-
Assigned			
Designated for Subsequent Years	665,574	-	-
Pupil Count Audit	60,000	-	-
Future Vehicles	30,000	-	-
Unassigned	<u>681,221</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<b><u>1,794,795</u></b>	<b><u>-</u></b>	<b><u>890,677</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 2,747,354</u></b>	<b><u>\$ 225,090</u></b>	<b><u>\$ 907,182</u></b>

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

BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 561,457	\$ 15,589	\$ 3,881,720
-	-	91,666
-	-	55,172
-	-	165,443
-	-	262,671
<b>\$ 561,457</b>	<b>\$ 15,589</b>	<b>\$ 4,456,672</b>

\$	-	\$	-	\$	118,017
	-		-		165,301
	-		-		855,664
					<hr/>
	-		-		1,138,982
					<hr/>
	-		-		55,172

	-	-	248,000
100,000		-	100,000
-		-	890,677
233,326		-	233,326
	-	-	110,000
228,131		-	228,131
-		15,589	15,589
	-	-	665,574
-		-	60,000
-		-	30,000
-		-	681,221
<hr/>	<hr/>	<hr/>	<hr/>
561,457		15,589	3,262,518
<hr/>	<hr/>	<hr/>	<hr/>
\$ 561,457	\$ 15,589	\$ 4,456,672	
<hr/>	<hr/>	<hr/>	

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2014**

<b>Total governmental fund balances</b>	\$ 3,262,518
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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.	37,314,772
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	\$ (7,846,477)
Lease Purchase Agreements	(720,462)
Early Retirement Bonus Payable	(350,325)
Compensated Absences	<u>(203,391)</u>
	(9,120,655)

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	<u>(213,926)</u>
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<b>Net position of governmental activities</b>	<b><u>\$ 31,242,709</u></b>
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**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**For the Year Ended June 30, 2014**

	<b>GENERAL FUND</b>	<b>PROJECTS FUND</b>	<b>BOND REDEMPTION FUND</b>
<b>REVENUES</b>			
Local Sources	\$ 1,899,065	\$ -	\$ 588,498
State Sources	6,068,042	-	-
Federal Sources	118,958	524,365	-
<b>TOTAL REVENUES</b>	<b>8,086,065</b>	<b>524,365</b>	<b>588,498</b>
<b>EXPENDITURES</b>			
Instructional Program	4,686,079	292,357	-
Student Supporting Services	343,829	13,382	-
Instructional Staff Supporting Services	529,400	218,126	-
General Administration Supporting Services	483,572	-	-
School Administration Supporting Services	807,642	-	-
Business Supporting Services	2,499	-	-
Operations and Maintenance of Plant Services	938,934	-	-
Student Transportation Services	254,884	-	-
Central Supporting Services	351,065	-	-
Community Services	-	500	-
Facilities Acquisition and Construction Services	-	-	-
Debt Service	100,682	-	584,707
<b>TOTAL EXPENDITURES</b>	<b>8,498,586</b>	<b>524,365</b>	<b>584,707</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>(412,521)</b>	<b>-</b>	<b>3,791</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Lease Proceeds	528,880	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(112,100)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>416,780</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	4,259	-	3,791
<b>Fund Balance, Beginning of Year</b>	<b>1,790,536</b>	<b>-</b>	<b>886,886</b>
<b>Fund Balance, End of Year</b>	<b>\$ 1,794,795</b>	<b>\$ -</b>	<b>\$ 890,677</b>

BUILDING FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,211	\$ 58,904	\$ 2,547,678
183,593	-	6,251,635
-	-	643,323
<u>184,804</u>	<u>58,904</u>	<u>9,442,636</u>
-	106,690	5,085,126
-	-	357,211
-	-	747,526
-	-	483,572
-	-	807,642
-	-	2,499
-	-	938,934
-	-	254,884
-	-	351,065
-	-	500
40,405	-	40,405
-	-	685,389
<u>40,405</u>	<u>106,690</u>	<u>9,754,753</u>
<u>144,399</u>	<u>(47,786)</u>	<u>(312,117)</u>
-	-	528,880
158,027	52,100	210,127
-	(158,027)	(270,127)
<u>158,027</u>	<u>(105,927)</u>	<u>468,880</u>
302,426	(153,713)	156,763
<u>259,031</u>	<u>169,302</u>	<u>3,105,755</u>
<u>\$ 561,457</u>	<u>\$ 15,589</u>	<u>\$ 3,262,518</u>

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

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**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, 2014**

<b>Net change in fund balances - total governmental funds</b>	\$ 156,763
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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	\$ 316,937
Depreciation expense	<u>(1,549,575)</u>
	(1,232,638)

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.

Principal payment on general obligation bonds	230,128
Principal payment on lease purchase agreement	90,234
Proceeds from lease purchase agreement	<u>(528,880)</u>
	(208,518)

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	(4,617)
Early Retirement Bonus Payable	<u>69,219</u>
	64,602

The premium/discount associated with the issuance of bonds provides a current financial resource to the debt service fund, but they must be capitalized and amortized over the life of the bonds in the government-wide financial statements.

Accretion of Premium on Bond	9,951
	<u>9,951</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ (1,209,840)</u></b>
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**MONTE VISTA SCHOOL DISTRICT NO. 8**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**June 30, 2014**

	<b>FOOD SERVICE FUND</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 158,658
Inventories	<u>8,254</u>
<b>Total Current Assets</b>	<u>166,912</u>
<b>Noncurrent Assets</b>	
Capital Assets	218,726
Equipment	<u>(69,191)</u>
Less Accumulated Depreciation	<u>149,535</u>
<b>Total Noncurrent Assets</b>	<u>149,535</u>
<b>TOTAL ASSETS</b>	<u>316,447</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	4,076
Due to Other Funds	<u>97,850</u>
Accrued Salaries and Benefits	<u>36,898</u>
<b>Total Current Liabilities</b>	<u>138,824</u>
<b>Noncurrent Liabilities</b>	
Compensated Absences	<u>18,198</u>
<b>Total Noncurrent Liabilities</b>	<u>18,198</u>
<b>TOTAL LIABILITIES</b>	<u>157,022</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	149,535
Unrestricted	<u>9,890</u>
<b>TOTAL NET POSITION</b>	<u>\$ 159,425</u>

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

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2014**

	<b>FOOD SERVICE FUND</b>
<b>OPERATING REVENUES</b>	
Food Sales	\$ 46,914
<b>Total Operating Revenues</b>	<u>46,914</u>
<b>OPERATING EXPENSES</b>	
Salaries	166,654
Fringe Benefits	67,275
Purchased Property Services	1,686
Other Purchased Services	3,738
Food	237,692
Commodities	16,877
Other Supplies	16,289
Depreciation	14,714
Capital Outlay	<u>5,353</u>
<b>Total Operating Expenses</b>	<u>530,278</u>
Operating Income (Loss)	<u>(483,364)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal Child Nutrition Funding	385,900
Child Nutrition Match	14,184
USDA Donated Food	15,888
Interest Income	<u>4</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>415,976</u>
Income (Loss) Before Operating Transfers	<u>(67,388)</u>
<b>OPERATING TRANSFERS</b>	
Transfers from Other Funds	<u>60,000</u>
<b>Total Operating Transfers</b>	<u>60,000</u>
Change in Net Position	<u>(7,388)</u>
<b>Net Position, Beginning of Year</b>	<u>166,813</u>
<b>Net Position, End of Year</b>	<u>\$ 159,425</u>

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

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2014**

	<b>FOOD SERVICE FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 46,914
Cash Payments to Suppliers	(177,776)
Cash Payments to Employees	<u>(227,957)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(358,819)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash Received from Grantors	431,499
Cash Received from Other Funds	<u>60,000</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>491,499</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash Received for Interest	<u>4</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>4</u>
Net Increase (Decrease) in Cash and Cash Equivalents	132,684
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>25,974</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 158,658</u>
<b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities</b>	
Income (Loss) from operations	\$ (483,364)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities	
USDA Commodities	16,877
Depreciation Expense	14,714
(Increase) decrease in Prepaid Expense	1,865
(Increase) decrease in Purchased Inventory	1,540
Increase (decrease) in Accounts Payable	(78)
Increase (decrease) in Due to Other Funds	83,655
Increase (decrease) in Compensated Absences	3,999
Increase (decrease) in Accrued Salaries and Benefits	<u>1,973</u>
<b>Net Cash provided (used) by Operating Activities</b>	<u>\$ (358,819)</u>
<b>NONCASH NONCAPITAL FINANCING ACTIVITIES</b>	
USDA Donated Commodities	<u>\$ 15,888</u>

**MONTE VISTA SCHOOL DISTRICT NO. 8**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**June 30, 2014**

	<b>STUDENT ACTIVITY <u>AGENCY FUND</u></b>
<b>ASSETS</b>	
Cash	\$ 158,694
Accounts Receivable	1,895
Due from Other Funds	<u>480</u>
<b>TOTAL ASSETS</b>	<b>\$ 161,069</b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,181
Due to Student Activities	<u>157,888</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 161,069</u></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, 2014**

**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 school 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, 2014**

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 ***Projects Fund*** is used to record financial transactions for grants received for designated programs funded by federal, state, or local grantors.
- § 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 ***Building Fund*** is used to account for all resources available for acquiring capital sites, buildings, and equipment.

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 Food Service Fund, used to account for the District's food service program. Revenues are derived from District contributions and student and adult charges. Expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

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 established to record transactions relating to assets held by the District as an agent for student organizations. 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, 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 School 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, 2014, has been recorded in the financial statements as an asset and a corresponding deferred revenue.

***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, 2014**

***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 10 of which are to be uninterrupted service to the District. Any employee with fewer than 20 years but at least 15 years of uninterrupted service to the District can elect early retirement with a loss of five percent for each year short of the minimum 20 years. 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 \$80 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 .

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

***Deferred Inflows of Resources***

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

***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.

***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.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

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.

**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 2014.

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

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 3 CASH AND DEPOSITS**

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

Cash in Banks	\$ 3,951,142
Cash with Fiscal Agent	246,930
Cash on Hand	1,000
Less: amounts related to Agency Funds	<u>(158,694)</u>
Total cash and deposits on the Statement of Net Position	<u>\$ 4,040,378</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, \$3,584,839 of the District's bank balance of \$4,034,839 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At June 30, 2014, the District had an estimated property tax receivable as follows:

General Fund	\$ 39,967
Bond Redemption Fund	<u>15,205</u>
	<u>\$ 55,172</u>

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 5 ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2014, consisted of the following:

General Fund		
June, July, and August Treasurer's Collections	\$	60,459
Other		8,425
Bond Redemption Fund		
June, July, and August Treasurer's Collections		22,782
	\$	<u>91,666</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, 2014, the District had \$165,443 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, 2014, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Projects Fund	\$ 163,521
	Bond Redemption Fund	1,300
	Food Service Fund	97,850
Agency Fund	General Fund	480
		<u>\$ 263,151</u>

*Interfund Transfers*

Interfund transfers for the year ended June 30, 2014, were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 60,000
Nonmajor Funds	General Fund	52,100
Building Fund	Capital Reserve Capital Projects Fund	158,027
		<u>\$ 270,127</u>

The General Fund transfers were made to subsidize the Food Service Fund and Pupil Activity Fund. The Capital Reserve Capital Projects Fund transferred funds to the Building Fund to close out this fund.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 8 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	\$ 228,329	\$ -	\$ -	\$ 228,329
Site Improvements- Inexhaustible	2,519,252	-	-	2,519,252
Total capital assets not being depreciated	<u>2,747,581</u>	<u>-</u>	<u>-</u>	<u>2,747,581</u>
Capital Assets Being Depreciated				
Land Improvements	4,604,350	16,611	-	4,620,961
Buildings	36,914,707	18,376	-	36,933,083
Equipment	1,600,852	281,950	23,305	1,859,497
Vehicles	1,022,255	-	-	1,022,255
Total Capital Assets Being Depreciated	<u>44,142,164</u>	<u>316,937</u>	<u>23,305</u>	<u>44,435,796</u>
Less: Accumulated Depreciation For				
Land Improvements	285,979	141,520	-	427,499
Buildings	6,785,322	1,047,289	-	7,832,611
Equipment	594,154	288,478	23,305	859,327
Vehicles	676,880	72,288	-	749,168
Total Accumulated Depreciation	<u>8,342,335</u>	<u>1,549,575</u>	<u>23,305</u>	<u>9,868,605</u>
Net Capital Assets being depreciated	<u>35,799,829</u>	<u>(1,232,638)</u>	<u>-</u>	<u>34,567,191</u>
Total Capital Assets	<u><u>\$38,547,410</u></u>	<u><u>\$ (1,232,638)</u></u>	<u><u>\$ -</u></u>	<u><u>\$37,314,772</u></u>
<b>Business-type Activities</b>				
Equipment	\$ 218,726	\$ -	\$ -	\$ 218,726
Less: Accumulated Depreciation	<u>(54,477)</u>	<u>(14,714)</u>	<u>-</u>	<u>(69,191)</u>
Total Capital Assets	<u><u>\$ 164,249</u></u>	<u><u>\$ (14,714)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 149,535</u></u>

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**Governmental Activities**

Instructional Program	\$ 1,142,855
Student Support Services	153,459
Instructional Staff Support Services	544
General Administration Supporting Services	26,290
Business Supporting Services	11,389
Operations and Maintenance of Plant Services	84,957
Student Transportation Services	80,576
Central Supporting Services	49,505
Total depreciation expense - governmental activities	<u><u>\$ 1,549,575</u></u>

**Business-type Activities**

Food Services	\$ 14,714
Total depreciation expense - business-type activities	<u><u>\$ 14,714</u></u>

**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 \$892,562.

**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 \$38,039.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 11 LONG-TERM LIABILITIES**

*Changes in Long-Term Liabilities*

Long-term liability balances for the year ended June 30, 2014, were as follows:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014	Due Within One Year
<b>Governmental Activities</b>					
G.O. Bonds Payable	\$ 8,076,605	\$ -	\$ 230,128	\$ 7,846,477	\$ 235,643
Lease Purchase Agreements	281,816	528,880	90,234	720,462	192,170
Early Retirement Bonus Payable	419,544	66,914	136,133	350,325	115,623
Compensated Absences	198,774	4,617	-	203,391	3,990
Bond Premium	<u>223,877</u>	<u>-</u>	<u>9,951</u>	<u>213,926</u>	<u>9,951</u>
<b>Total Governmental Activities</b>	<b><u>\$ 9,200,616</u></b>	<b><u>\$ 600,411</u></b>	<b><u>\$ 466,446</u></b>	<b><u>\$ 9,334,581</u></b>	<b><u>\$ 557,377</u></b>
<b>Business-type Activities</b>					
Compensated Absences	\$ 14,199	\$ 3,999	\$ -	\$ 18,198	\$ -
<b>Total Business-type Activities</b>	<b><u>\$ 14,199</u></b>	<b><u>\$ 3,999</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 18,198</u></b>	<b><u>\$ -</u></b>

*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. The principal balance outstanding at June 30, 2014, was \$2,910,000.

**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. The principal balance outstanding at June 30, 2014, was \$1,580,000.

**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, 2014, was \$3,356,477.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

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

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
FY 2015	\$ 235,643	\$ 345,929	\$ 581,572
FY 2016	241,385	337,770	579,155
FY 2017	252,360	329,085	581,445
FY 2018	258,579	319,889	578,468
FY 2019	265,053	310,221	575,274
FY 2020-2024	1,491,996	1,382,194	2,874,190
FY 2025-2029	1,823,393	1,028,972	2,852,365
FY 2030-2034	2,243,068	562,934	2,806,002
FY 2035-2036	<u>1,035,000</u>	<u>52,519</u>	<u>1,087,519</u>
Total	<u>\$ 7,846,477</u>	<u>\$ 4,669,513</u>	<u>\$ 12,515,990</u>

***Lease Purchase Agreements***

The District entered into two annually renewable lease purchase agreements between Wells Fargo Brokerage Services, LLC, as lesser, and the District, as lessee, for the purpose of funding the Energy Performance Contract and for various other maintenance projects around the District. The first lease, dated March 26, 2004, was for \$890,313 with an interest rate of 4.00%. The second lease dated June 17, 2004, was for \$61,050 with an interest rate of 4.40%. Both leases have a term of 12 years with final payment due on March 26, 2016. Payments were made from the General Fund in fiscal year 2014.

The District entered into a lease purchase agreement between Government Capital Corporation , as lesser, and the District, as lessee, for the purpose of purchasing Kuno Android Tablets. The lease, dated December 19, 2013, was for \$528,880 with an interest rate of 3.683%. Repayment will begin in February 2015 and yearly thereafter from the Building Fund As of June 30, 2014, \$281,950 was drawn on the lease purchase agreement . The lease has a term of 5 years with final payment due on February 5, 2019. The cost of the tablets was \$281,950 and accumulated depreciation was \$23,684 at June 30, 2014.

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

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
FY 2015	\$ 192,170	\$ 26,258	\$ 218,428
FY 2016	199,564	18,820	218,384
FY 2017	105,638	12,107	117,745
FY 2018	109,528	8,217	117,745
FY 2019	<u>113,562</u>	<u>4,183</u>	<u>117,745</u>
Total	<u>\$ 720,462</u>	<u>\$ 69,585</u>	<u>\$ 790,047</u>

***Early Retirement Bonus Payable***

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

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 12 DEFINED BENEFIT PENSION PLAN**

*Plan Description*

The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple -employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post retirement annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Funding Policy*

The District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the District it is 10.15% of covered salary. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (See Note 13). The District is also required to pay an amortization equalization disbursement (AED) equal to 3.80% of the total payroll for calendar year 2014, (3.40% of total payroll for the calendar year 2013, and 3.00% of total payroll of the calendar year 2012.) Additionally, the District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 3.50% of the total payroll for the calendar year 2014 (3.00% of total payroll for calendar year 2013, and 2.50% of total payroll for 2012). If the District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree; and member contributions of 8.0% are required. For the years ending June 30, 2014, 2013, and 2012, the Monte Vista School District's employer contributions to the SDTF were \$873,995, \$812,310, and \$798,719, respectively, equal to their required contributions for each year.

**NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS**

*Plan Description*

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple -employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Funding Policy*

The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF from the defined benefit plan (see Note 12) is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the years ending June 30, 2014, 2013, and 2012, the District's employer contributions to the HCTF were \$52,415, \$51,454, and \$53,599, respectively, equal to their required contributions for each year.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 14 DEFINED CONTRIBUTION PENSION PLAN**

***Plan Description***

Employees of the District who are members of the SDTF (see Note 12) may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available annual report for Colorado PERA's 401(k) and DC Plans. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9500 or 1-800-759-PERA (7372).

***Funding Policy***

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,500 for the calendar year 2014 and \$17,500 for calendar year 2013). In addition, catch-up contributions , up to \$5,500 for the calendar year 2014 and calendar year 2013, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414 (v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ended June 30, 2014 and 2013, the 401(k) Plan member contributions from the District were \$73,287 and \$67,894, respectively.

**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, 2014. Complete separate financial statements may be obtained from BOCES.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 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, 2014. 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.

**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.

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.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**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.

**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. 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, 2014, are presented below:

	<b>BUDGET</b>			
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
Beginning Balance Pupil Activity Deposits	\$ 100,000	\$ 144,591	\$ 144,591	\$ -
Agency Fund Receipts	150,000	105,409	194,082	88,673
Agency Fund Disbursements	(250,000)	(250,000)	(180,785)	69,215
Ending Balance Pupil Activity Deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,888</u>	<u>\$ 157,888</u>

**NOTE 20 SUBSEQUENT EVENT**

In June 2014, the District discontinued its participation with the BEST Health Plan, effective July 1, 2014. The District partnered with Advanced Benefit Associates (ABA) and CIGNA to create a new medical insurance program. The new plan is a partially self-insured plan with several levels of stop loss coverage. Premiums for the new program will be deposited into a new fund, Internal Service-Benefits. CIGNA will be the administrator for the claims and will withdraw from the fund, the premium billing fee and the claims dollars. Any unused claim dollars will be rolled over to the next year to offer other benefits or offset premiums.

## **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.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2014**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
Local Sources	\$ 1,906,531	\$ 1,874,485	\$ 1,899,065	\$ 24,580
State Sources	6,084,172	5,991,696	6,068,042	76,346
Federal Sources	-	35,670	118,958	83,288
<b>TOTAL REVENUES</b>	<b>7,990,703</b>	<b>7,901,851</b>	<b>8,086,065</b>	<b>184,214</b>
<b>EXPENDITURES</b>				
Instructional Program	4,713,517	5,314,601	4,686,079	628,522
Student Supporting Services	385,345	358,199	343,829	14,370
Instructional Staff Supporting Services	229,782	307,836	529,400	(221,564)
General Administration Supporting Services	516,358	207,962	483,572	(275,610)
School Administration Supporting Services	806,784	812,571	807,642	4,929
Business Supporting Services	6,100	298,296	2,499	295,797
Operations and Maintenance of Plant Services	847,301	924,937	938,934	(13,997)
Student Transportation Services	329,594	312,616	254,884	57,732
Central Support Services	396,891	373,597	351,065	22,532
Debt Service	100,682	100,682	100,682	-
Operating Reserves	1,113,029	1,056,390	-	1,056,390
<b>TOTAL EXPENDITURES</b>	<b>9,445,383</b>	<b>10,067,687</b>	<b>8,498,586</b>	<b>1,569,101</b>
Excess (deficiency) of revenues over expenditures	(1,454,680)	(2,165,836)	(412,521)	1,753,315
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease Proceeds	-	527,400	528,880	1,480
Transfers to Other Funds	(150,100)	(152,100)	(112,100)	40,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(150,100)</b>	<b>375,300</b>	<b>416,780</b>	<b>41,480</b>
Net Change in Fund Balance	(1,604,780)	(1,790,536)	4,259	1,794,795
<b>Fund Balance, Beginning of Year</b>	<b>1,604,780</b>	<b>1,790,536</b>	<b>1,790,536</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,794,795</b>	<b>\$ 1,794,795</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 NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PROJECTS FUND**  
**For the Year Ended June 30, 2014**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
Federal Sources	\$ 577,098	\$ 591,529	\$ 524,365	\$ (67,164)
<b>TOTAL REVENUES</b>	<b>577,098</b>	<b>591,529</b>	<b>524,365</b>	<b>(67,164)</b>
<b>EXPENDITURES</b>				
Instructional Program	293,635	295,565	292,357	3,208
Student Supporting Services	39,081	50,422	13,382	37,040
Instructional Staff Supporting Services	244,382	245,542	218,126	27,416
Community Services	-	-	500	(500)
<b>TOTAL EXPENDITURES</b>	<b>577,098</b>	<b>591,529</b>	<b>524,365</b>	<b>67,164</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 NO. 8**

## **SUPPLEMENTARY INFORMATION**

The combining financial statements 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.

**CAPITAL PROJECTS FUND**

**Capital Reserve Capital Projects Fund** – Used to account for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S. including the acquisition of sites, buildings, equipment, and vehicles.

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE - BALANCE SHEET**  
**June 30, 2014**

	<b>SPECIAL REVENUE FUND</b>	<b>CAPITAL RESERVE CAPITAL PROJECTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 15,589	\$ -	\$ 15,589
<b>TOTAL ASSETS</b>	<b>\$ 15,589</b>	<b>\$ -</b>	<b>\$ 15,589</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE</b>			
Committed			
Pupil Activities	15,589	-	15,589
<b>TOTAL FUND BALANCE</b>	<b>15,589</b>	<b>-</b>	<b>15,589</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 15,589</b>	<b>\$ -</b>	<b>\$ 15,589</b>

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2014**

	<b>SPECIAL REVENUE FUND</b>	<b>CAPITAL RESERVE CAPITAL PROJECTS FUND</b>	<b>TOTAL NONMAJOR FUNDS</b>
	<b>PUPIL ACTIVITY FUND</b>	<b>FUND</b>	<b>FUNDS</b>
<b>REVENUES</b>			
Local Sources	\$ 55,539	\$ 3,365	\$ 58,904
<b>TOTAL REVENUES</b>	<u>55,539</u>	<u>3,365</u>	<u>58,904</u>
<b>EXPENDITURES</b>			
Instructional Program	106,690	-	106,690
<b>TOTAL EXPENDITURES</b>	<u>106,690</u>	<u>-</u>	<u>106,690</u>
Excess (deficiency) of revenues over expenditures	(51,151)	3,365	(47,786)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	52,100	-	52,100
Transfers to Other Funds	-	(158,027)	(158,027)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>52,100</u>	<u>(158,027)</u>	<u>(105,927)</u>
Net Change in Fund Balance	949	(154,662)	(153,713)
<b>Fund Balance, Beginning of year</b>	14,640	154,662	169,302
<b>Fund Balance, End of year</b>	<u>\$ 15,589</u>	<u>\$ -</u>	<u>\$ 15,589</u>

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**PUPIL ACTIVITY FUND**  
**For the Year Ended June 30, 2014**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
Local Sources	\$ 142,900	\$ 158,260	\$ 55,539	\$ (102,721)
<b>TOTAL REVENUES</b>	<u>142,900</u>	<u>158,260</u>	<u>55,539</u>	<u>(102,721)</u>
<b>EXPENDITURES</b>				
Instructional Program	225,000	225,000	106,690	118,310
<b>TOTAL EXPENDITURES</b>	<u>225,000</u>	<u>225,000</u>	<u>106,690</u>	<u>118,310</u>
Excess (deficiency) of revenues over expenditures	(82,100)	(66,740)	(51,151)	15,589
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	52,100	52,100	52,100	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>52,100</u>	<u>52,100</u>	<u>52,100</u>	<u>-</u>
Net Change in Fund Balance	(30,000)	(14,640)	949	15,589
<b>Fund Balance, Beginning of year</b>	<u>30,000</u>	<u>14,640</u>	<u>14,640</u>	<u>-</u>
<b>Fund Balance, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,589</u>	<u>\$ 15,589</u>

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL RESERVE CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2014**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET</b>	
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>POSITIVE (NEGATIVE)</b>	
				\$	
<b>REVENUES</b>					
Local Sources	\$ 4,000	\$ 3,368	\$ 3,365	\$	(3)
<b>TOTAL REVENUES</b>	<u>4,000</u>	<u>3,368</u>	<u>3,365</u>		<u>(3)</u>
<b>TOTAL EXPENDITURES</b>					
Operating Reserves	<u>183,660</u>	<u>-</u>	<u>-</u>		<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(179,660)</u>	<u>3,368</u>	<u>3,365</u>		<u>(3)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to/from Other Funds	<u>25,000</u>	<u>(158,030)</u>	<u>(158,027)</u>		<u>3</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>25,000</u>	<u>(158,030)</u>	<u>(158,027)</u>		<u>3</u>
Net Change in Fund Balance	<u>(154,660)</u>	<u>(154,662)</u>	<u>(154,662)</u>		<u>-</u>
<b>Fund Balance, Beginning of Year</b>	<u>154,660</u>	<u>154,662</u>	<u>154,662</u>		<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BOND REDEMPTION FUND**  
**For the Year Ended June 30, 2014**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET  POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<b>REVENUES</b>				
Local Sources	\$ 600,889	\$ 600,889	\$ 588,498	\$ (12,391)
<b>TOTAL REVENUES</b>	<b>600,889</b>	<b>600,889</b>	<b>588,498</b>	<b>(12,391)</b>
<b>EXPENDITURES</b>				
Debt Service	584,898	584,898	584,707	191
Operating Reserves	907,991	902,877	-	902,877
<b>TOTAL EXPENDITURES</b>	<b>1,492,889</b>	<b>1,487,775</b>	<b>584,707</b>	<b>903,068</b>
Net Change in Fund Balance	(892,000)	(886,886)	3,791	890,677
<b>Fund Balance, Beginning of Year</b>	<b>892,000</b>	<b>886,886</b>	<b>886,886</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 890,677</b>	<b>\$ 890,677</b>

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**BUILDING FUND**  
**For the Year Ended June 30, 2014**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
Local Sources	\$ -	\$ 986	\$ 1,211	\$ 225
State Sources	-	184,793	183,593	(1,200)
<b>TOTAL REVENUES</b>	-	185,779	184,804	(975)
<b>EXPENDITURES</b>				
Facilities Acquisition and Construction Services	245,902	443,825	40,405	403,420
Operating Reserves	-	184,016	-	184,016
<b>TOTAL EXPENDITURES</b>	245,902	627,841	40,405	587,436
Excess (deficiency) of revenues over expenditures	(245,902)	(442,062)	144,399	586,461
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	-	183,030	158,027	(25,003)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	183,030	158,027	(25,003)
Net Change in Fund Balance	(245,902)	(259,032)	302,426	561,458
<b>Fund Balance, Beginning of Year</b>	245,902	259,032	259,031	(1)
<b>Fund Balances, End of Year</b>	\$ -	\$ -	\$ 561,457	\$ 561,457

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**For the Year Ended June 30, 2014**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>OPERATING REVENUES</b>				
Food Sales	\$ 56,600	\$ 51,412	\$ 46,914	\$ (4,498)
<b>Total Operating Revenues</b>	<b>56,600</b>	<b>51,412</b>	<b>46,914</b>	<b>(4,498)</b>
<b>OPERATING EXPENSES</b>				
Salaries	171,387	171,462	166,654	4,808
Fringe Benefits	60,960	61,607	67,275	(5,668)
Purchased Property Services	500	1,700	1,686	14
Other Purchased Services	4,700	4,700	3,738	962
Food	180,000	251,000	237,692	13,308
Commodities	20,000	20,000	16,877	3,123
Other Supplies	18,200	20,457	16,289	4,168
Depreciation	15,253	15,253	14,714	539
Capital Outlay	-	4,350	5,353	(1,003)
<b>Total Operating Expenses</b>	<b>471,000</b>	<b>550,529</b>	<b>530,278</b>	<b>20,251</b>
Operating income (loss)	(414,400)	(499,117)	(483,364)	15,753
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal Child Nutrition Funding	288,000	377,000	385,900	8,900
Child Nutrition Match	7,200	9,300	14,184	4,884
USDA Donated Food	20,000	20,000	15,888	(4,112)
Interest Income	-	-	4	4
<b>Total Nonoperating Revenues (Expenses)</b>	<b>315,200</b>	<b>406,300</b>	<b>415,976</b>	<b>9,676</b>
Income (Loss) Before Operating Transfers	(99,200)	(92,817)	(67,388)	25,429
<b>OPERATING TRANSFERS</b>				
	75,000	75,000	60,000	(15,000)
<b>CAPITAL CONTRIBUTIONS</b>				
	(2,000)	-	-	-
Change in Net Position	(26,200)	(17,817)	(7,388)	10,429
<b>Net Position, Beginning of year</b>	<b>26,200</b>	<b>17,817</b>	<b>166,813</b>	<b>148,996</b>
<b>Net Position, End of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 159,425</b>	<b>\$ 159,425</b>

**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, 2014**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM OR CLUSTER TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH</b>		<b>FEDERAL EXPENDITURES</b>		
		<b>ENTITY IDENTIFYING NUMBER</b>				
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
COLORADO DEPARTMENT OF EDUCATION						
<i>Child Nutrition Cluster</i>						
School Breakfast Program	10.553	4553	\$ 150,463			
National School Lunch Program	10.555	4555	251,325			
Total for <i>Child Nutrition Cluster</i>			401,788			
<b>RIO GRANDE COUNTY TREASURER</b>						
<i>Forest Service Schools and Roads Cluster</i>						
Schools and Roads- Grants to States	10.665	7665	109,999			
<b>U.S. DEPARTMENT OF EDUCATION</b>						
COLORADO DEPARTMENT OF EDUCATION						
No Child Left Behind, Title I, Part A						
Improving Basic Programs Operated by Schools: Formula Grant	84.010	4010	280,090			
No Child Left Behind, Title I, Part A						
Improving Basic Programs Operated by Schools: Competitive Grant	84.010	5010	114,718			
Total for CFDA No. 84.010			394,808			
No Child Left Behind, Title VI, Part B: Subpart II:						
Rural and Low Income Schools	84.358	7358	22,441			
No Child Left Behind, Title II, Part A:						
Teacher and Principal Training and Recruiting Fund	84.367	4367	83,473			
No Child Left Behind, Title III, Part A	84.365	4365	13,166			
Race to the Top Phase 3	84.413	4413	9,761			
Race to the Top - Early Childhood Readiness Assessment	84.412	5412	716			
<b>FEDERAL GRANTOR AWARDS PASSED THROUGH CDE AND TRINIDAD STATE JUNIOR COLLEGE:</b>						
Carl Perkins Vocational & Applied Technology Education Act, Title I	84.048	4048	3,959			
<b>FEDERAL GRANTOR AWARDS PASSED THROUGH CDE AND UNIVERSITY OF NORTHERN COLORADO</b>						
No Child Left Behind, Title II, Part A: Teacher and Principal Training Recruiting Fund, Formula Grant	84.367	4367	5,000			
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,045,111</b>			

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2014**

**NOTE 1: 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, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, changes in net position or cash flows of Monte Vista School District No. 8.

**NOTE 2: 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 OMB Circular A-87, *State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3: FOOD DISTRIBUTION**

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



**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***

Wall,  
Smith,  
Bateman Inc.

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, the business -type 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2014.

### **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 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**

700 Main Street, Suite 200 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

December 10, 2014



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

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2014.

**Certified Public Accountants**

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2014-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

December 10, 2014

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2014**

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

## Financial Statements

Type of auditors' report issued: Unmodified

## Internal control over financial reporting:

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

## Federal Awards

## Internal control over major programs:

- § Material weakness(es) identified? \_\_\_\_\_ yes  no

§ Significant deficiency(ies) identified that are **not** considered to be material weakness (es)?  yes \_\_\_\_\_ 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 section 510(a) of OMB Circular A-133?       yes       no

#### Identification of major programs:

CFDA Number(s)  
84.010

Name of Federal Program or Cluster

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

Auditee qualified as a low-risk auditee?  yes  no

## **Section II – Financial Statement Findings**

None

**MONTE VISTA SCHOOL DISTRICT NO. 8**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**Finding 2014-001: No Child Left Behind, Title I, Part A, CFDA No. 84.010  
U.S. Department of Education**

*Passed through Colorado Department of Education*

#### *Compliance Requirements: Reporting*

*Grant No.: 4010 and 5010*

Type of finding: Internal Control Over Compliance (significant deficiency) and compliance (noncompliance)

*Condition:* The Title I, Part A Competitive Grant Annual Financial Report was filed on November 6, 2014, 36 days past the October 1, 2014 due date.

*Cause:* The District was unaware of the annual financial report due date.

**Criteria:** The receipt of federal funding requires financial status and federal financial reports to be completed accurately and timely.

*Effect:* The District did not comply with the competitive grant reporting deadlines.

*Recommendation:* The District should evaluate employee responsibilities and develop policies and procedures to implement monitoring controls over the federal program requirements.

*Grantee's Response:* See corrective action plan.

## **Section IV – Prior Year Audit Findings**

None

# MONTE VISTA SCHOOL DISTRICT

Inspiring the Pursuit of Excellence, *One Student at a Time!*

## CORRECTIVE ACTION PLAN

Oversight Agency: U.S. Department of Education

Monte Vista School District No. 8 respectfully submits the following corrective action plan for the year ended June 30, 2014.

Independent Accountants: Wall, Smith, Bateman Inc.  
Certified Public Accountants  
700 Main Street, Suite 200, P.O. Box 809  
Alamosa, CO 81101

Audit period: Year ended June 30, 2014

The findings from the June 30, 2014 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

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

***Finding 2014-001: No Child Left Behind, Title I, Part A, CFDA No. 84.010***  
***U.S. Department of Education***

*Passed through Colorado Department of Education*

*Compliance Requirements: Reporting*

*Grant No.: 4010 and 5010*

*Type of finding: Internal Control Over Compliance (significant deficiency) and compliance (noncompliance)*

*Recommendation:* The District should evaluate employee responsibilities and develop policies and procedures to implement monitoring controls over the federal program requirements.

Robert A. Webb  
Superintendent

345 East Prospect Monte Vista Colorado 81144 U.S.A	PHONE FAX E-MAIL WEB SITE	719.852.5996 719.852.6184 rwebb@monte.k12.co.us <a href="http://www.monte.k12.co.us">http://www.monte.k12.co.us</a>
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Monte Vista School District No. 8  
Corrective Action Plan

*Action Taken:* To ensure compliance with reporting deadlines on all grants we will implement two steps: 1) schedule "reminder" notices in calendars upon approval of each grant and 2) ensure that two staff members who are responsible for reporting are fully aware of reporting deadlines prior to grant implementation.

If the U.S. Department of Education has questions regarding this plan, please call the responsible parties at (719) 852-5996.

Sincerely yours,



Robert Webb  
Superintendent  
Monte Vista School District No. 8



Jerene Wilkinson  
Accounting/Risk Manager  
Monte Vista School District No. 8

**MONTE VISTA SCHOOL DISTRICT NO. 8**

**CDE COMPLIANCE SECTION**

**Colorado Department of Education****Auditors Integrity Report**

District: 2740 - MONTE VISTA C-8

Fiscal Year 2013-14

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
		+	-	=
<b>Governmental</b>				
10 General Fund	1,782,430	8,252,845	8,249,501	1,785,774
18 Risk Mgmt Sub-Fund of General Fund	8,106	108,001	107,086	9,021
19 Colorado Preschool Program Fund	0	142,000	142,000	0
<b>Sub- Total</b>	<b>1,790,536</b>	<b>8,502,846</b>	<b>8,498,587</b>	<b>1,794,795</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	524,364	524,364	0
23 Pupil Activity Special Revenue Fund	14,640	107,639	106,689	15,589
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	886,886	588,498	584,707	890,677
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	259,032	342,832	40,407	561,457
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	154,662	-154,662	0	0
<b>Totals</b>	<b>3,105,755</b>	<b>9,911,517</b>	<b>9,754,754</b>	<b>3,262,518</b>
<b>Proprietary</b>				
51 Food Service Fund	166,812	522,890	530,277	159,425
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>166,812</b>	<b>522,890</b>	<b>530,277</b>	<b>159,425</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	144,591	194,082	180,785	157,888
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>144,591</b>	<b>194,082</b>	<b>180,785</b>	<b>157,888</b>

FINAL

\*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.