

MONTE VISTA SCHOOL DISTRICT NO. 8
MONTE VISTA, COLORADO
FINANCIAL STATEMENTS

June 30, 2015



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

MONTE VISTA SCHOOL DISTRICT NO. 8
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monte Vista School District No. 8 (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, 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.

Certified Public Accountants

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Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. In addition, the District previously reported activity of the Food Service Fund in a proprietary fund. Beginning in fiscal year 2014-2015, such activity has been reported in a special revenue fund. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information on pages 4-14 and 50-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial schedules, and the Colorado School Districts Auditor's Integrity Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 combining and individual fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, 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.

A handwritten signature in blue ink that reads "Wall, Smith, Bateman Inc." in a cursive script.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

January 11, 2016

**Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015**

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, 2015. 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, 2015, are as follows:

- In total, net position for the District is \$14,959,031, a decrease of \$16,443,103. The main reason for the decrease was the implementation of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date*. This statement revised and established new financial reporting requirements for governments that provide their employees with pension benefits. By adjusting the Net Position at June 30, 2014, the actual net decrease would be \$856,685. The pension adjustment for FY2015 was \$512,560, so the remaining decrease in net position would be from depreciation. The net decrease is calculated below:

| | |
|---|---------------------|
| Total Net Position at 6/30/2014 (before adjustment) | \$31,242,709 |
| Effect on 6/30/2014 of Change in Accounting Principle | <u>(15,426,993)</u> |
| Adjusted Total Net Position at 6/30/2014 | \$15,815,716 |
| Total Net Position at 6/30/2015 | <u>(14,959,031)</u> |
| Actual Net Decrease in Net Position | <u>\$ 856,685</u> |

- General Revenues accounted for \$8,722,812 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for \$2,167,040 or 20% of total revenues of \$10,889,852.
- The District had \$11,746,537 in expenses related to governmental activities. Of these expenses only \$2,167,040 were offset by program specific charges for services, grants and contributions.

Governmental Funds

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

- The General Fund had \$8,482,398 in revenues and \$8,447,835 in expenditures. The General Fund's fund balance increased \$34,563 to \$1,829,358 from \$1,794,795. A portion of the ending fund balance was set aside to meet other obligations as follows:

| | |
|----------------------|--------------------|
| Restricted: | |
| TABOR 3% Reserve | \$ 280,000 |
| Committed: | |
| Multi-year Contracts | 133,000 |
| Insurance Reserve | 8,313 |
| Unassigned: | <u>1,408,045</u> |
| Total Fund Balance | <u>\$1,829,358</u> |

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015

- The Bond Redemption Fund had revenues from property taxes and earnings on investments of \$587,511 and debt service payments of \$582,581. The fund balance increased by \$4,930 to \$895,607. 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 11.450 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.
- 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 \$125,000 is maintained in the Building Fund.

Business-Type Fund

- A change in accounting principal was made in FY2015. In previous years the Food Service Fund was treated as an enterprise fund. Beginning in FY 2015, the Food Service Fund activity has been more appropriately reported in a special revenue fund. The new special revenue fund reports a restated beginning balance of \$28,088.

Overview of the Financial Statements

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

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

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

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015

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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four 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, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health or *position*.

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

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

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

Fund Financial Statements

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

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

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional schedules explain the relationship (or differences) between them.

**Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015**

- *Internal Service Fund:* The District uses an internal service fund to account for services provided to the different departments on a cost-reimbursement basis. The District is the only participant in the activity.
- *Fiduciary funds:* The District is the agent, or *fiduciary*, for assets that belong to others, such as small scholarship funds 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 2015.

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015

Table I
Condensed Statement of Net Position
As of June 30, 2015

| | Governmental Activities | | Business-Type Activities | | Total School District | | % Change |
|--|-------------------------|---------------|--------------------------|------|-----------------------|---------------|-------------|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | |
| Assets | | | | | | | |
| Current Assets | \$ 4,291,851 | \$ 4,301,153 | \$ 69,062 | \$ - | \$ 4,360,913 | \$ 4,301,153 | -1.37% |
| Capital Assets | 37,314,772 | 36,773,874 | 149,535 | - | 37,464,307 | 36,773,874 | -1.84% |
| Total Assets | 41,606,623 | 41,075,027 | 218,597 | - | 41,825,220 | 41,075,027 | -1.79% |
| Deferred Outflows of Resources | | | | | | | |
| Pension | - | 842,303 | - | - | - | - | 100.00% |
| Liabilities | | | | | | | |
| Current Liabilities | 1,521,587 | 1,692,212 | 40,974 | - | 1,562,561 | 1,692,212 | 8.30% |
| Long-Term Liabilities | 8,787,155 | 25,081,963 | 18,198 | - | 8,805,353 | 25,081,963 | 184.85% |
| Total Liabilities | 10,308,742 | 26,774,175 | 59,172 | - | 10,367,914 | 26,774,175 | 158.24% |
| Deferred Inflows of Resources | | | | | | | |
| Pension | - | 173,323 | - | - | - | 173,323 | 100.00% |
| Unavailable Revenue - Property Tax | 55,172 | 10,801 | - | - | 55,172 | 10,801 | -80.42% |
| Total Deferred Inflows of Resources | 55,172 | 184,124 | - | - | 55,172 | 184,124 | 233.73% |
| Net Position | | | | | | | |
| Net Investment in | | | | | | | |
| Capital Assets | 28,533,907 | 28,430,774 | 149,535 | - | 28,683,442 | 28,430,774 | -0.88% |
| Restricted | 1,238,677 | 1,300,607 | - | - | 1,238,677 | 1,300,607 | 5.00% |
| Unrestricted | 1,470,125 | (14,772,350) | 9,890 | - | 1,480,015 | (14,772,350) | -1098.12% |
| Total Net Position | \$ 31,242,709 | \$ 14,959,031 | \$ 159,425 | \$ - | \$ 31,402,134 | \$ 14,959,031 | -52.36% |

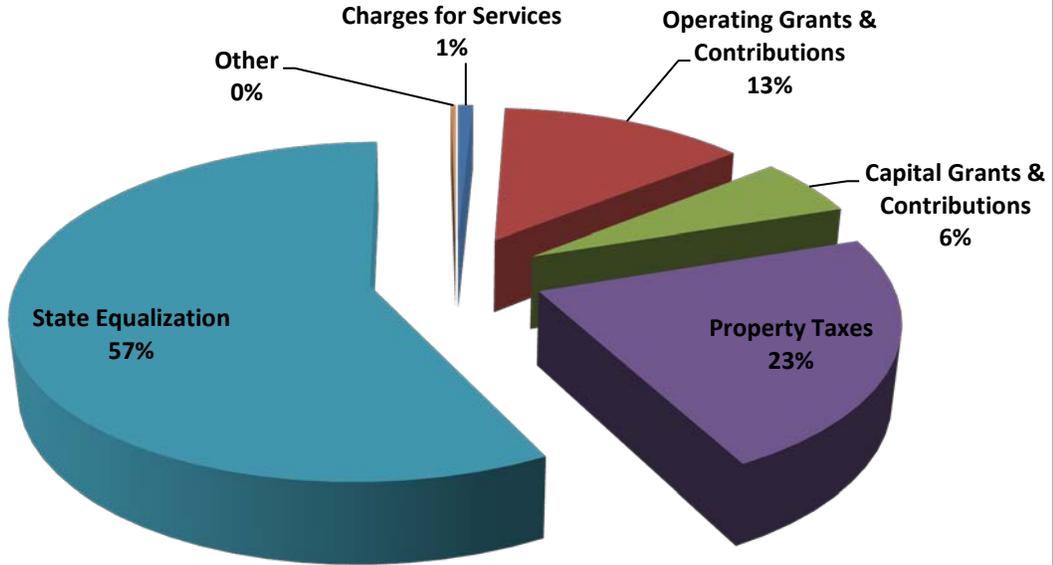
Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015

Table II
Condensed Statement of Changes in Net Position
Fiscal Year 2015

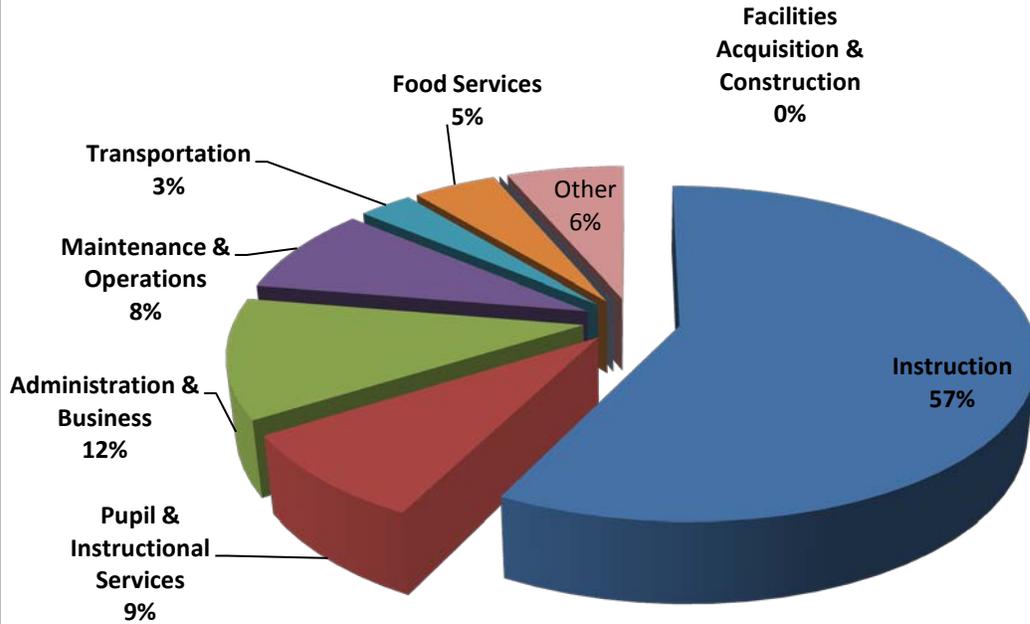
| | Governmental Activities | | Business-Type Activities | | Total School District | | % Change |
|--|-------------------------|----------------------|--------------------------|-------------|-----------------------|----------------------|----------------|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | |
| Revenue | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for Services | \$ 38,710 | \$ 88,950 | \$ 46,914 | \$ - | \$ 85,624 | \$ 88,950 | 3.88% |
| Operating Grants & Contributions | 938,636 | 1,461,208 | 415,972 | - | 1,354,608 | 1,461,208 | 7.87% |
| Capital Grants & Contributions | 183,593 | 616,882 | - | - | 183,593 | 616,882 | 236.01% |
| General Revenues: | | | | | | | |
| Property Taxes | 2,430,471 | 2,448,863 | - | - | 2,430,471 | 2,448,863 | 0.76% |
| State Equalization | 5,842,555 | 6,246,956 | - | - | 5,842,555 | 6,246,956 | 6.92% |
| Other | 8,671 | 26,993 | 4 | - | 8,675 | 26,993 | 211.16% |
| Total Revenues | 9,442,636 | 10,889,852 | 462,890 | - | 9,905,526 | 10,889,852 | 9.94% |
| Expenses | | | | | | | |
| Instruction | 5,886,847 | 6,751,610 | | | 5,886,847 | 6,751,610 | 14.69% |
| Pupil & Instructional Services | 1,258,740 | 1,004,487 | | | 1,258,740 | 1,004,487 | -20.20% |
| Administration & Business | 1,331,392 | 1,364,420 | | | 1,331,392 | 1,364,420 | 2.48% |
| Maintenance & Operations | 1,023,891 | 996,720 | | | 1,023,891 | 996,720 | -2.65% |
| Transportation | 335,460 | 344,409 | | | 335,460 | 344,409 | 2.67% |
| Food Services | - | 535,301 | | | - | 535,301 | 100.00% |
| Facilities Acquisition & Construction | - | - | | | - | - | 0.00% |
| Other | 756,146 | 749,590 | 530,278 | - | 1,286,424 | 749,590 | -41.73% |
| Total Expenses | 10,592,476 | 11,746,537 | 530,278 | - | 11,122,754 | 11,746,537 | 5.61% |
| Excess (Deficiency) Before Transfers | (1,149,840) | (856,685) | (67,388) | - | (1,217,228) | (856,685) | -29.62% |
| Transfer to Business-Type Activities | (60,000) | - | 60,000 | - | - | - | 0.00% |
| Increase (Decrease) in Net Position | (1,209,840) | (856,685) | (7,388) | - | (1,217,228) | (856,685) | -29.62% |
| Net Position, Beginning of Year, As Previously Stated | 32,452,549 | 31,242,709 | 166,813 | - | 32,619,362 | 31,242,709 | -4.22% |
| Change in Accounting Principal | - | (15,426,993) | - | - | - | (15,426,993) | 0.00% |
| Net Position, Beginning of Year, Restated | 32,452,549 | 15,815,716 | 166,813 | - | 32,619,362 | 15,815,716 | -51.51% |
| Ending Net Position | \$ 31,242,709 | \$ 14,959,031 | \$ 159,425 | \$ - | \$ 31,402,134 | \$ 14,959,031 | -52.36% |

**Monte Vista School District C-8
 Management's Discussion & Analysis
 For the Fiscal Year Ended June 30, 2015**

2014-2015 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, 2015**

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 \$1,408,045. The Tax Payer Bill of Rights (TABOR) Reserve, required by state statute, was increased to \$280,000. 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 \$8,212 per student or \$8,958,751. This is an increase of \$219 or 2.74% over the previous year. The total program funding was then adjusted by the "Negative Factor" of 12.97% or \$1,161,690, reducing the actual funding by about \$1,065 per student. The funded pupil count for fiscal year 2015 was 1,091.0. The District's funded pupil count was about the same as the prior year. Funding for the SFA comes from property taxes, specific ownership tax and state equalization.

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

**Table III
Cost of Services – Governmental Activities
Fiscal Year 2015**

| | Total Cost of Services | | Net Cost of Services | |
|---------------------------------|-------------------------------|----------------------|-----------------------------|---------------------|
| | 2014 | 2015 | 2014 | 2015 |
| Instruction | \$ 5,886,847 | \$ 6,751,610 | \$ 5,040,390 | \$ 6,019,245 |
| Pupil & Instructional Services | 1,258,740 | 1,004,487 | 1,188,313 | 723,773 |
| Administration & Business | 1,331,392 | 1,364,420 | 1,325,792 | 1,364,420 |
| Maintenance & Operations | 1,023,891 | 996,720 | 1,023,891 | 996,720 |
| Transportation | 335,460 | 344,409 | 280,598 | 300,983 |
| Food Services | - | 535,301 | - | 24,833 |
| Facilities Acquisition & Constr | - | - | (183,593) | (600,067) |
| Other | 756,146 | 749,590 | 756,146 | 749,590 |
| Total Expenses | \$ 10,592,476 | \$ 11,746,537 | \$ 9,431,537 | \$ 9,579,497 |

The District received grant funds from GOCO, Daniels Fund, and Colorado Health Foundation for building projects at the High School Athletic Complex. 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.

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015

General Fund Budgetary Highlights

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

The original 2014-2015 adopted General Fund budget was amended in January, 2015, for the following reasons:

- In the original budget in June 2014, revenue numbers were based on a Funded Pupil Count of 1,089.0. Actual count came in at 1,091.0, an increase of 2.0. This resulted in no change to the total program funding, but because of an increase in property and specific ownership taxes, the total equalization amount decreased.
- Adjustments were made to reflect unexpected and increased revenues in the form of grants and other revenues including, but not all, Read Act for \$54,261 and ELPA PD & STD for \$31,512.
- The audited beginning fund balance increase of \$572,354 helps offset expenditures for the current year that exceed current budgeted revenues.
- 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:

- The General Fund budget was amended in March, 2015, to reflect the receipt of a Colorado Education Initiative Grant for \$1,000.
- The Building Fund was amended in March, 2015, to reflect the receipt of a Colorado Health Foundation grant for \$51,000. This grant was used to build a "pirate ship" play area at the high school athletic facilities.

District General Fund expenditures were lower than total budgeted expenditures by \$1,670,941, as is reflected in budgeted carryover of \$1,829,358.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2015, the District had \$36,773,874 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, 2015**

**Table IV
Capital Assets at June 30, 2015
(Net of Depreciation)**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total School District</u> | | <u>% Change</u> |
|--------------------------------------|--------------------------------|----------------------|---------------------------------|-------------|------------------------------|----------------------|-----------------|
| | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | |
| 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 | 4,193,462 | 4,514,672 | - | - | 4,193,462 | 4,514,672 | 7.66% |
| Buildings | 29,100,472 | 28,257,534 | - | - | 29,100,472 | 28,257,534 | -2.90% |
| Equipment | 1,000,170 | 1,041,626 | 149,535 | - | 1,149,705 | 1,041,626 | -9.40% |
| Vehicles | 273,087 | 212,461 | - | - | 273,087 | 212,461 | -22.20% |
| Construction in Progress | - | - | - | - | - | - | 0.00% |
| Totals | <u>\$ 37,314,772</u> | <u>\$ 36,773,874</u> | <u>\$ 149,535</u> | <u>\$ -</u> | <u>\$ 37,464,307</u> | <u>\$ 36,773,874</u> | <u>-1.84%</u> |

Long-Term Debt

At June 30, 2015, the District had \$8,689,993 in total long-term debt. Of this amount \$579,962 is due within one year. Table V details the outstanding debt and the portion due within one year for the District. Compensated absences of \$220,708, 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, 2015**

| | <u>2014</u> | | <u>2015</u> | |
|--------------------------------|----------------------------|---------------------|----------------------------|---------------------|
| | <u>Due Within One Year</u> | <u>Total Debt</u> | <u>Due Within One Year</u> | <u>Total Debt</u> |
| General Obligation Bonds | \$ 235,643 | \$ 7,846,477 | \$ 241,385 | \$ 7,610,834 |
| Lease Purchase Agreements | 192,170 | 720,462 | 199,607 | 528,292 |
| Early Retirement Bonus Payable | 115,623 | 350,325 | 121,360 | 330,159 |
| Compensated Absences Payable | 3,990 | 203,391 | 17,610 | 220,708 |
| Totals | <u>\$ 547,426</u> | <u>\$ 9,120,655</u> | <u>\$ 579,962</u> | <u>\$ 8,689,993</u> |

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, 2015, was \$2,865,000.

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, 2015, was \$1,530,000. 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, 2015, was \$3,215,834. Both these bonds were issued from the \$8,400,000 ballot measure approved in November, 2008, bringing the total issued to \$8,397,301.

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2015

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.

- The District has been experiencing declining enrollment since fiscal year 2000. The enrollment for 2015-2016 has increased by 50.5 FTE. The School Finance Act, as changed in 2008, averages student counts for the previous four years plus the current year to determine the *funded pupil count (FPC)*. In prior years the District used the averaging method, however, in 2015-2016 it is to the District's advantage to use the actual FTE of 1,115.7.
- 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%, FY 2013-14 was 15.42% and FY 2014-15 was 12.96%. The negative factor for FY 2015-16 is anticipated to be 12.13%. The increase in FTE should amount to a significant increase in funding, however, the increase will not be confirmed until the state's supplemental budget is completed in the spring of 2016.

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, 2015

| | <u>Primary Government Governmental Activities</u> |
|---|---|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 3,664,246 |
| Accounts Receivable | 353,689 |
| Property Tax Receivable | 10,801 |
| Due from Other Governments | 269,563 |
| Inventories | 2,854 |
| Total Current Assets | <u>4,301,153</u> |
| Noncurrent Assets | |
| Capital Assets | |
| Land | 228,329 |
| Site Improvements | 2,519,252 |
| Land Improvements | 5,088,533 |
| Buildings | 37,138,353 |
| Equipment | 2,337,086 |
| Vehicles | 1,022,255 |
| Less Accumulated Depreciation | (11,559,934) |
| Total Noncurrent Assets | <u>36,773,874</u> |
| TOTAL ASSETS | <u>41,075,027</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension | <u>842,303</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>842,303</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 191,047 |
| Accrued Salaries and Benefits | 921,203 |
| Lease Purchase Agreement | 199,607 |
| General Obligation Bonds | 241,385 |
| Early Retirement Bonus | 121,360 |
| Compensated Absences | 17,610 |
| Total Current Liabilities | <u>1,692,212</u> |
| Noncurrent Liabilities | |
| Premium on Issuance of Bonds | 203,974 |
| Lease Purchase Agreement | 328,685 |
| General Obligation Bonds | 7,369,449 |
| Early Retirement Bonus | 208,799 |
| Compensated Absences | 203,098 |
| Pension Liability | 16,767,958 |
| Total Noncurrent Liabilities | <u>25,081,963</u> |
| TOTAL LIABILITIES | <u>26,774,175</u> |

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

MONTE VISTA SCHOOL DISTRICT NO. 8
STATEMENT OF NET POSITION
June 30, 2015

| | <u>Primary Government Governmental Activities</u> |
|--|---|
| DEFERRED INFLOWS OF RESOURCES | |
| Pension | 173,323 |
| Deferred Revenue - Property Tax | <u>10,801</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>184,124</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 28,430,774 |
| Restricted for | |
| Debt Service | 895,607 |
| TABOR | 280,000 |
| BEST Capital Renewal Reserve | 125,000 |
| Unrestricted | <u>(14,772,350)</u> |
| TOTAL NET POSITION | <u><u>\$ 14,959,031</u></u> |

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, 2015

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--|----------------------|----------------------------|--|--------------------------------------|--|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Revenues and Changes in Net Position |
| | | | | | Primary Government |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| Instructional Program | \$ 6,751,610 | \$ 17,782 | \$ 714,583 | \$ - | \$ (6,019,245) |
| Student Supporting Services | 630,762 | 23,985 | 256,729 | - | (350,048) |
| Instructional Staff Supporting Services | 373,725 | - | - | - | (373,725) |
| General Administration Supporting Services | 237,866 | - | - | - | (237,866) |
| School Administration Supporting Services | 836,114 | - | - | - | (836,114) |
| Business Supporting Services | 290,440 | - | - | - | (290,440) |
| Operations and Maintenance of Plant Services | 996,720 | - | - | - | (996,720) |
| Student Transportation Services | 344,409 | 2,759 | 40,667 | - | (300,983) |
| Central Supporting Services | 370,869 | - | - | - | (370,869) |
| Food Services | 535,301 | 44,424 | 449,229 | 16,815 | (24,833) |
| Facilities Acquisition and Construction Services | - | - | - | 600,067 | 600,067 |
| Interest on Long-term Debt | 378,721 | - | - | - | (378,721) |
| Total Governmental Activities | <u>11,746,537</u> | <u>88,950</u> | <u>1,461,208</u> | <u>616,882</u> | <u>(9,579,497)</u> |
| Total Primary Government | <u>\$ 11,746,537</u> | <u>\$ 88,950</u> | <u>\$ 1,461,208</u> | <u>\$ 616,882</u> | <u>(9,579,497)</u> |
| General Revenues | | | | | |
| Taxes | | | | | |
| General Property Taxes - Net | | | | | |
| | | | | | 2,169,471 |
| Specific Ownership Taxes | | | | | |
| | | | | | 265,820 |
| Other Taxes | | | | | |
| | | | | | 13,572 |
| State Equalization | | | | | |
| | | | | | 6,246,956 |
| Interest on Investments | | | | | |
| | | | | | 4,016 |
| Miscellaneous | | | | | |
| | | | | | 22,977 |
| Total General Revenues | | | | | |
| | | | | | <u>8,722,812</u> |
| Change in Net Position | | | | | |
| | | | | | (856,685) |
| Net Position, Beginning of Year, As Previously Stated | | | | | |
| | | | | | 31,242,709 |
| Change in Accounting Principle | | | | | |
| | | | | | <u>(15,426,993)</u> |
| Net Position, Beginning of Year, Restated | | | | | |
| | | | | | <u>15,815,716</u> |
| Net Position, End of Year | | | | | |
| | | | | | <u>\$14,959,031</u> |

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

MONTE VISTA SCHOOL DISTRICT NO. 8
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2015

| | GENERAL FUND | BOND REDEMPTION FUND | BUILDING FUND |
|--|-------------------------|-------------------------------------|--------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 2,216,471 | \$ 866,984 | \$ 439,905 |
| Accounts Receivable | 165,616 | 30,573 | 157,500 |
| Property Tax Receivable | 7,897 | 2,904 | - |
| Due from Other Governments | 4,299 | - | 175,000 |
| Due from Other Funds | 405,086 | - | - |
| Inventory | - | - | - |
| TOTAL ASSETS | \$ 2,799,369 | \$ 900,461 | \$ 772,405 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 145,923 | \$ - | \$ 38,903 |
| Due to Other Funds | - | 1,950 | 366,187 |
| Accrued Salaries and Benefits | 816,191 | - | - |
| TOTAL LIABILITIES | 962,114 | 1,950 | 405,090 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Revenue - Property Tax | 7,897 | 2,904 | - |
| FUND BALANCE | | | |
| Nonspendable | | | |
| Inventory | - | - | - |
| Restricted | | | |
| TABOR 3% Reserve | 280,000 | - | - |
| BEST Capital Reserve Renewal | - | - | 125,000 |
| Debt Service | - | 895,607 | - |
| Bond Proceeds for Capital Construction | - | - | 233,326 |
| Committed | | | |
| Multi-year Contracts | 133,000 | - | - |
| Pupil Activities | - | - | - |
| Insurance Reserve | 8,313 | - | - |
| Assigned | | | |
| Food Service | - | - | - |
| Capital Projects/Equipment | - | - | 8,989 |
| Unassigned | 1,408,045 | - | - |
| TOTAL FUND BALANCE | 1,829,358 | 895,607 | 367,315 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 2,799,369 | \$ 900,461 | \$ 772,405 |

| TOTAL NONMAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------------------|---|
| \$ 111,740 | \$ 3,635,100 |
| - | 353,689 |
| - | 10,801 |
| 90,264 | 269,563 |
| - | 405,086 |
| 2,854 | 2,854 |
| <u>\$ 204,858</u> | <u>\$ 4,677,093</u> |
| | |
| \$ 6,221 | 191,047 |
| 35,198 | 403,335 |
| 105,012 | 921,203 |
| <u>146,431</u> | <u>1,515,585</u> |
| | |
| - | 10,801 |
| | |
| 2,854 | 2,854 |
| - | 280,000 |
| - | 125,000 |
| - | 895,607 |
| - | 233,326 |
| - | 133,000 |
| 22,537 | 22,537 |
| - | 8,313 |
| 33,036 | 33,036 |
| - | 8,989 |
| - | 1,408,045 |
| <u>58,427</u> | <u>3,150,707</u> |
| | |
| <u>\$ 204,858</u> | <u>\$ 4,677,093</u> |

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

MONTE VISTA SCHOOL DISTRICT NO. 8
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2015

| | |
|---|------------------------------------|
| Total governmental fund balances | \$ 3,150,707 |
| 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. | 36,773,874 |
| Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position | 842,303 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | |
| General Obligation Bonds | \$ (7,610,834) |
| Lease Purchase Agreements | (528,292) |
| Early Retirement Bonus Payable | (330,159) |
| Compensated Absences | <u>(220,708)</u> |
| | (8,689,993) |
| 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 | (203,974) |
| Net pension liabilities are not due and payable in the current period and are not reported in the funds. | (16,767,958) |
| Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds. | (173,323) |
| Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the health insurance internal service fund are included in governmental activities in the statement of net position. | <u>27,395</u> |
| Net position of governmental activities | <u><u>\$ 14,959,031</u></u> |

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

MONTE VISTA SCHOOL DISTRICT NO. 8
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2015

| | GENERAL FUND | BOND REDEMPTION FUND | BUILDING FUND |
|--|-------------------------|-------------------------------------|--------------------------|
| REVENUES | | | |
| Local Sources | \$ 1,936,042 | \$ 587,511 | \$ 216,660 |
| State Sources | 6,565,072 | - | 350,000 |
| Federal Sources | 71,884 | - | - |
| TOTAL REVENUES | 8,572,998 | 587,511 | 566,660 |
| EXPENDITURES | | | |
| Instructional Program | 4,838,771 | - | - |
| Student Supporting Services | 313,732 | - | - |
| Instructional Staff Supporting Services | 233,657 | - | - |
| General Administration Supporting Services | 189,382 | - | - |
| School Administration Supporting Services | 779,277 | - | - |
| Business Supporting Services | 273,342 | - | - |
| Operations and Maintenance of Plant Services | 879,156 | - | - |
| Student Transportation Services | 263,370 | - | - |
| Central Supporting Services | 331,016 | - | - |
| Food Services | - | - | - |
| Facilities Acquisition and Construction Services | 245,450 | - | 643,058 |
| Debt Service | 100,682 | 582,581 | 117,744 |
| TOTAL EXPENDITURES | 8,447,835 | 582,581 | 760,802 |
| Excess (Deficiency) of Revenues Over Expenditures | 125,163 | 4,930 | (194,142) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from Other Funds | - | - | - |
| Transfers to Other Funds | (90,600) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (90,600) | - | - |
| Net Change in Fund Balance | 34,563 | 4,930 | (194,142) |
| FUND BALANCE, Beginning of Year, As Previously Stated | 1,794,795 | 890,677 | 561,457 |
| Change in Accounting Principle | - | - | - |
| FUND BALANCE, Beginning of Year, Restated | 1,794,795 | 890,677 | 561,457 |
| Fund Balance, End of Year | \$ 1,829,358 | \$ 895,607 | \$ 367,315 |

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

| TOTAL NONMAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------------------|---|
| \$ 91,743 | \$ 2,831,956 |
| 179,421 | 7,094,493 |
| 855,217 | 927,101 |
| <u>1,126,381</u> | <u>10,853,550</u> |
| 399,679 | 5,238,450 |
| 137,199 | 450,931 |
| 121,687 | 355,344 |
| - | 189,382 |
| - | 779,277 |
| 5,995 | 279,337 |
| - | 879,156 |
| - | 263,370 |
| - | 331,016 |
| 520,961 | 520,961 |
| 16,710 | 905,218 |
| - | 801,007 |
| <u>1,202,231</u> | <u>10,993,449</u> |
| <u>(75,850)</u> | <u>(139,899)</u> |
| 90,600 | 90,600 |
| - | (90,600) |
| <u>90,600</u> | <u>-</u> |
| <u>14,750</u> | <u>(139,899)</u> |
| 15,589 | 3,262,518 |
| <u>28,088</u> | <u>28,088</u> |
| <u>43,677</u> | <u>3,290,606</u> |
| <u>\$ 58,427</u> | <u>\$ 3,150,707</u> |

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, 2015

Net change in fund balances - total governmental funds \$(139,899)

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 | \$ 945,305 | |
| Depreciation expense | <u>(1,635,738)</u> | (690,433) |

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 | 235,643 | |
| Principal payment on lease purchase agreement | <u>192,170</u> | 427,813 |

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 | 881 | |
| Early Retirement Bonus Payable | <u>20,166</u> | 21,047 |

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 | | 9,952 |
|------------------------------|--|-------|

| | | |
|---|--|--------|
| An internal service fund is used by the District to account for its self-funded health insurance. The net income of the internal service fund is reported in the governmental activities. | | 27,395 |
|---|--|--------|

| | | |
|---|--|------------------|
| Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This items consists of the change in pension expense. | | <u>(512,560)</u> |
|---|--|------------------|

Change in net position of governmental activities \$(856,685)

MONTE VISTA SCHOOL DISTRICT NO. 8
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

| | INTERNAL SERVICE FUND |
|----------------------------------|----------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 29,146 |
| Total Current Assets | 29,146 |
| TOTAL ASSETS | 29,146 |
| LIABILITIES | |
| Current Liabilities | |
| Due to Other Funds | 1,751 |
| Total Current Liabilities | 1,751 |
| TOTAL LIABILITIES | 1,751 |
| NET POSITION | |
| Unrestricted | 27,395 |
| TOTAL NET POSITION | \$ 27,395 |

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 FUND
For the Year Ended June 30, 2015

| | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND |
|--|---|--|
| | FOOD SERVICE FUND | INTERNAL SERVICE FUND |
| OPERATING REVENUES | | |
| Insurance Premiums | \$ - | \$ 784,158 |
| Total Operating Revenues | <u>-</u> | <u>784,158</u> |
| OPERATING EXPENSES | | |
| Purchased Services | - | 756,763 |
| Total Operating Expenses | <u>-</u> | <u>756,763</u> |
| Operating Income (Loss) | - | 27,395 |
| NONOPERATING REVENUES (EXPENSES) | <u>-</u> | <u>-</u> |
| Change in Net Position | - | 27,395 |
| Net Position, Beginning of Year | 159,425 | - |
| Change in Accounting Principle | <u>(159,425)</u> | <u>-</u> |
| Net Position, Beginning of Year, Restated | <u>-</u> | <u>-</u> |
| Net Position, End of Year | <u>\$ -</u> | <u>\$ 27,395</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, 2015

| | INTERNAL SERVICE FUND |
|--|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Insurance Premiums | \$ 769,158 |
| Cash Payments for Claims and Fees | <u>(740,012)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>29,146</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 29,146 |
| Cash and Cash Equivalents, Beginning of Year | <u>-</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 29,146</u></u> |
| Reconciliation of income (loss) from operations to net cash provided (used) by operating activities | |
| Operating Income (Loss) | \$ 27,395 |
| Increase (decrease) in Due to Other Funds | <u>1,751</u> |
| Net Cash provided (used) by Operating Activities | <u><u>\$ 29,146</u></u> |

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

MONTE VISTA SCHOOL DISTRICT NO. 8
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2015

| | RITCHEY AGENCY FUND | STUDENT ACTIVITY AGENCY FUND | TOTAL AGENCY FUNDS |
|---------------------------|--------------------------------|---|-------------------------------|
| ASSETS | | | |
| Cash | \$ 284,611 | \$ 172,091 | \$ 456,702 |
| TOTAL ASSETS | \$ 284,611 | \$ 172,091 | \$ 456,702 |
| LIABILITIES | | | |
| Accounts Payable | \$ - | \$ 827 | \$ 827 |
| Due to Student Activities | - | 171,264 | 171,264 |
| Held for Scholarships | 284,611 | - | 284,611 |
| TOTAL LIABILITIES | \$ 284,611 | \$ 172,091 | \$ 456,702 |

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

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MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

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

Component Units

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

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

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

GOVERNMENT -WIDE AND FUND FINANCIAL STATEMENTS

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The District reports the following major governmental funds:

- § The **General Fund** is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- § The **Bond Redemption Fund** is used to account for the accumulation of resources for the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.
- § The **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 Internal Service Fund, used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, generally, on a cost reimbursement basis. The District accounts for its self-funded health insurance in an internal service fund.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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

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

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

Cash

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

Property Taxes

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

Uncollected property taxes that became an enforceable lien January 1, 2015, has been recorded in the financial statements as an asset and a corresponding deferred inflow of resources.

Receivables/Payables From Other District Funds

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

Inventories

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

USDA Commodities

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2015

Deferred Outflows/Inflows of Resources

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

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

Certain amounts related to pensions must be deferred.

Pensions

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

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.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

- § *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- § *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which governing body delegates the authority.
- § *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

Encumbrances

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

Use of Estimates

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

Change in Accounting Principle

GASB Statement No. 68

During fiscal year 2015, the District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, (GASB No. 68). It revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The District provides certain employees with pension benefits through the State's multiple employer cost-sharing Public Employees' Retirement Association (PERA) defined benefit retirement program.

GASB No. 68 requires cost-sharing employers participating in the PERA program, such as the District, to record their proportionate share, as defined in GASB No. 68, of PERA's unfunded pension liability. The District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA or the General Assembly. The requirement of GASB No. 68 to record a portion of PERA's unfunded liability negatively impacted the District's beginning net position by \$16,016,010. The net pension liability recorded as of June 30, 2015 was \$16,767,958. Information regarding PERA's current funding status can be found in its Comprehensive Annual Financial Report.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

GASB Statement No. 71

The District has implemented GASB No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, by recognizing contributions from the end of the calendar year to the end of the District's fiscal year, January 1 to June 30, as a deferred outflow of resources. The District's beginning net position was increased by \$429,592 to reflect PERA contributions between January 1 and June 30, 2014.

Restatement of Net Position and Fund Balance

The District previously reported the activity of the Food Service Fund in a proprietary fund. Beginning in fiscal year 2014-2015, such activity has been more appropriately reported in a special revenue fund. Accordingly, the newly established special revenue fund reports a restated beginning balance of \$28,088, which is equal to the net current assets and current liabilities previously reported in the proprietary fund. All remaining assets and liabilities, including net position of \$131,337, previously reported in the proprietary fund are not recognized at the fund level under modified accrual, and have been reclassified as assets and liabilities of the governmental activities as of July 1, 2014.

| | Governmental Activities | Food Service Fund |
|--|----------------------------|----------------------|
| Change in Accounting Principle - GASB 68/71 | \$ (15,586,418) | \$ - |
| Change in Accounting Principle - Food Service Fund | | |
| Unrestricted Fund Balance | 28,088 | 28,088 |
| Unrestricted Net Position | (18,198) | - |
| Net Investment in Capital Assets | 149,535 | - |
| | 159,425 | 28,088 |
| | \$ (15,426,993) | \$ 28,088 |

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 2015.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable. A budget for the Ritchey Agency Fund was not necessary as no funds were expended in Fiscal Year 2015.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 CASH AND DEPOSITS

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

| | |
|--|---------------------|
| Cash in Banks | \$ 4,118,468 |
| Cash with Fiscal Agent | 1,480 |
| Cash on Hand | 1,000 |
| Less: amounts related to Agency Funds | <u>(456,702)</u> |
| Total cash and deposits on the Statement of Net Position | <u>\$ 3,664,246</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, \$3,728,167 of the District's bank balance of \$4,178,167 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, 2015, the District had an estimated property tax receivable as follows:

| | |
|----------------------|------------------|
| General Fund | \$ 7,897 |
| Bond Redemption Fund | <u>2,904</u> |
| | <u>\$ 10,801</u> |

NOTE 5 ACCOUNTS RECEIVABLE

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

| | |
|--|-------------------|
| General Fund | |
| June, July, and August Treasurer's Collections | \$ 103,506 |
| Other | 62,110 |
| Bond Redemption Fund | |
| June, July, and August Treasurer's Collections | <u>30,573</u> |
| | <u>\$ 196,189</u> |

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2015, the District had \$427,063 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, 2015, were as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|-----------------------|------------|
| General Fund | Projects Fund | \$ 35,198 |
| | Bond Redemption Fund | 1,950 |
| | Building Fund | 366,187 |
| | Internal Service Fund | 1,751 |
| | | \$ 405,086 |

Interfund Transfers

Interfund transfers for the year ended June 30, 2015, were as follows:

| Transfer In | Transfer Out | Amount |
|---------------------|--------------|-----------|
| Food Service Fund | General Fund | \$ 35,000 |
| Pupil Activity Fund | General Fund | 55,600 |
| | | \$ 90,600 |

The General Fund transfers were made to subsidize the Food Service Fund and Pupil Activity Fund.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

| | Balance 6/30/2014 | Reclassification | Additions | Deletions | Balance 6/30/2015 |
|--|----------------------|---------------------|---------------------|---------------|----------------------|
| <i>Governmental Activities</i> | | | | | |
| 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>-</u> | <u>2,747,581</u> |
| Capital Assets Being Depreciated | | | | | |
| Land Improvements | 4,620,961 | - | 467,572 | - | 5,088,533 |
| Buildings | 36,933,083 | - | 205,270 | - | 37,138,353 |
| Equipment | 1,859,497 | 218,726 | 272,463 | 13,600 | 2,337,086 |
| Vehicles | 1,022,255 | - | - | - | 1,022,255 |
| Total Capital Assets Being Depreciated | <u>44,435,796</u> | <u>218,726</u> | <u>945,305</u> | <u>13,600</u> | <u>45,586,227</u> |
| Less: Accumulated Depreciation For | | | | | |
| Land Improvements | 427,499 | - | 146,362 | - | 573,861 |
| Buildings | 7,832,611 | - | 1,048,208 | - | 8,880,819 |
| Equipment | 859,327 | 69,191 | 380,542 | 13,600 | 1,295,460 |
| Vehicles | 749,168 | - | 60,626 | - | 809,794 |
| Total Accumulated Depreciation | <u>9,868,605</u> | <u>69,191</u> | <u>1,635,738</u> | <u>13,600</u> | <u>11,559,934</u> |
| Net Capital Assets being depreciated | <u>34,567,191</u> | <u>149,535</u> | <u>(690,433)</u> | <u>-</u> | <u>34,026,293</u> |
| Total Capital Assets | <u>\$ 37,314,772</u> | <u>\$ 149,535</u> | <u>\$ (690,433)</u> | <u>\$ -</u> | <u>\$ 36,773,874</u> |
| <i>Business-type Activities</i> | | | | | |
| Equipment | \$ 218,726 | \$ (218,726) | \$ - | \$ - | \$ - |
| Less: Accumulated Depreciation | (69,191) | 69,191 | - | - | - |
| Total Capital Assets | <u>\$ 149,535</u> | <u>\$ (149,535)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | |
|--|---------------------|
| <i>Governmental Activities</i> | |
| Instructional Program | \$ 1,232,480 |
| Student Support Services | 157,637 |
| Instructional Staff Support Services | 544 |
| General Administration Supporting Services | 26,290 |
| School Administration Supporting Services | 5,017 |
| Business Supporting Services | 10,590 |
| Operations and Maintenance of Plant Services | 85,785 |
| Student Transportation Services | 68,328 |
| Central Supporting Services | 34,727 |
| Food Services | 14,340 |
| Total depreciation expense - governmental activities | <u>\$ 1,635,738</u> |

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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 \$921,203.

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 \$35,340.

NOTE 11 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2015, were as follows:

| | Balance 6/30/2014 | Reclassifying | Additions | Deletions | Balance 6/30/2015 | Due Within One Year |
|--------------------------------|----------------------|--------------------|------------------|-------------------|----------------------|---------------------------|
| Governmental Activities | | | | | | |
| G.O. Bonds Payable | \$7,846,477 | \$ - | \$ - | \$ 235,643 | \$7,610,834 | \$241,385 |
| Lease Purchase Agreements | 720,462 | - | - | 192,170 | 528,292 | 199,607 |
| Early Retirement Bonus Payable | 350,325 | - | 98,520 | 118,686 | 330,159 | 121,360 |
| Compensated Absences | 203,391 | 18,198 | - | 881 | 220,708 | 17,610 |
| Bond Premium | 213,926 | - | - | 9,952 | 203,974 | 9,951 |
| Total Governmental Activities | <u>\$9,334,581</u> | <u>\$ 18,198</u> | <u>\$ 98,520</u> | <u>\$ 557,332</u> | <u>\$8,893,967</u> | <u>\$589,913</u> |
| Business-type Activities | | | | | | |
| Compensated Absences | \$ 18,198 | \$ (18,198) | \$ - | \$ - | \$ - | \$ - |
| Total Business-type Activities | <u>\$ 18,198</u> | <u>\$ (18,198)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

General Obligation Bonds Payable

Series 2009

On December 17, 2009, the District issued general obligation bonds series 2009 in the amount of \$3,000,000 with an average interest rate of 5.06% to be paid in full on December 1, 2034. The bonds were issued for the purpose of financing the renovating, replacing, constructing, and equipping of facilities and improvements to the Marsh Elementary School and preliminary costs for the High School and Bill Metz construction projects. The principal balance outstanding at June 30, 2015, was \$2,865,000.

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, 2015, was \$1,530,000.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2015, was \$3,215,834.

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

| | Principal | Interest | Total |
|--------------|---------------------|---------------------|----------------------|
| 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 | 276,790 | 300,084 | 576,874 |
| FY 2021-2025 | 1,550,040 | 1,319,250 | 2,869,290 |
| FY 2026-2030 | 2,166,627 | 952,299 | 3,118,926 |
| FY 2031-2035 | 2,080,000 | 442,013 | 2,522,013 |
| FY 2036 | 520,000 | 13,000 | 533,000 |
| Total | <u>\$ 7,610,834</u> | <u>\$ 4,323,611</u> | <u>\$ 11,934,445</u> |

Lease Purchase Agreements

The District entered into two annually renewable lease purchase agreements between Wells Fargo Brokerage Services, LLC, as lessor, 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 2015. The principal balance outstanding at June 30, 2015 was \$97,678.

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, 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%. As of June 30, 2015, \$527,400 was drawn on the lease purchase agreement. The lease has a term of 5 annual payments from the Building Fund, with final payment due on February 5, 2019. The cost of the tablets was \$517,100 and accumulated depreciation was \$126,054 at June 30, 2015. The principal balance outstanding at June 30, 2015, was \$430,614.

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

| | Principal | Interest | Total |
|---------|-------------------|------------------|-------------------|
| FY 2016 | \$ 199,607 | \$ 34,679 | \$ 234,286 |
| FY 2017 | 105,638 | 12,107 | 117,745 |
| FY 2018 | 109,528 | 8,216 | 117,744 |
| FY 2019 | 113,519 | 4,183 | 117,702 |
| Total | <u>\$ 528,292</u> | <u>\$ 59,185</u> | <u>\$ 587,477</u> |

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Early Retirement Bonus Payable

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

NOTE 12 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the SCHDTF.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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

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

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

| | For the Year Ended December 31, | |
|---|---------------------------------|--------|
| | 2015 | 2014 |
| Employer Contribution Rate | 10.15% | 10.15% |
| Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹ | -1.02% | -1.02% |
| Amount Apportioned to the SCHDTF | 9.13% | 9.13% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹ | 4.20% | 3.80% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹ | 4.00% | 3.50% |
| | 17.33% | 16.43% |

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$876,868, for the year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of \$16,767,958 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, District's proportion was 0.12 percent, which was a decrease of 0.0018 from its proportion measured as of December 31, 2013.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

For the year ended June 30, 2015 the District recognized pension expense of \$512,560. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ - | \$ 1,252 |
| Net difference between projected and actual earnings on pension plan investments | 385,609 | - |
| Changes in proportion | | 172,071 |
| Differences between contributions recognized and share of contributions | 1,784 | - |
| Contributions subsequent to the measurement date | 454,910 | |
| Total | \$ 842,303 | \$ 173,323 |

\$454,910 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | |
|---------------------|-----------|
| 2016 | \$ 32,869 |
| 2017 | 32,869 |
| 2018 | 51,929 |
| 2019 | 96,402 |
| 2020 | - |
| Thereafter | - |

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

| | |
|--|--|
| Price inflation | 2.80 percent |
| Real wage growth | 1.10 percent |
| Wage inflation | 3.90 percent |
| Salary increases, including wage inflation | 3.90 – 10.10 percent |
| Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation | 7.50 percent |
| Future post-retirement benefit increases: | |
| PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic) | 2.00 percent |
| PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve |

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>10 Year Expected Geometric Real Rate of Return</u> |
|----------------------------|--------------------------|---|
| U.S. Equity- Large Cap | 26.76% | 5.00% |
| U.S. Equity- Small Cap | 4.40% | 5.19% |
| Non U.S. Equity- Developed | 22.06% | 5.29% |
| Non U.S. Equity- Emerging | 6.24% | 6.76% |
| Core Fixed Income | 24.05% | 0.98% |
| High Yield | 1.53% | 2.64% |
| Long Duration Gov't/Credit | 0.53% | 1.57% |
| Emerging Market Bonds | 0.43% | 3.04% |
| Real Estate | 7.00% | 5.09% |
| Private Equity | 7.00% | 7.15% |
| Total | 100.00% | |

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage -point lower (6.50 percent) or 1-percentage -point higher (8.50 percent) than the current rate:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|--|-----------------------|------------------------------------|-----------------------|
| Proportionate share of the net pension liability | \$ 22,110,084 | \$ 16,767,958 | \$ 12,296,507 |

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

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Health Care Trust Fund

Plan Description – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera -financial-reports](http://www.copera.org/investments/pera-financial-reports).

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable 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 C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2014, and 2013, the District contributions to the HCTF were \$52,971, \$52,415, and \$51,454, respectively, equal to their required contributions for each year.

NOTE 14 DEFINED CONTRIBUTION PENSION PLAN

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions, and investment earnings. For the year ended June 30, 2015 program members contributed \$42,892 for the Voluntary Investment Program.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2015. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

The District belongs to the Colorado School Districts' Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, 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, 2015. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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.

NOTE 18 RISK MANAGEMENT

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

Self Insurance Funds

Internal Service - Health Insurance Fund

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

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2015, are presented below:

| | Budget | | Actual | Variance |
|---|-------------|-------------|-------------------|-------------------|
| | Original | Final | | |
| Beginning Balance Pupil Activity Deposits | \$ 150,000 | \$ 150,000 | \$ 157,888 | \$ 7,888 |
| Agency Fund Receipts | 180,000 | 180,000 | 216,064 | 36,064 |
| Agency Fund Disbursements | (330,000) | (330,000) | (202,688) | 127,312 |
| Ending Balance Pupil Activity Deposits | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 171,264</u> | <u>\$ 171,264</u> |

MONTE VISTA SCHOOL DISTRICT NO. 8

REQUIRED SUPPLEMENTARY INFORMATION

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

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, 2015

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH |
|---|-------------------------|-------------------|---------------------|----------------------|
| | ORIGINAL | FINAL | | FINAL BUDGET |
| | | | | POSITIVE |
| | | | | (NEGATIVE) |
| REVENUES | | | | |
| Local Sources | \$ 2,017,190 | \$ 1,889,331 | \$ 1,936,042 | \$ 46,711 |
| State Sources | 6,782,785 | 6,551,280 | 6,565,072 | 13,792 |
| Federal Sources | 65,000 | - | 71,884 | 71,884 |
| TOTAL REVENUES | 8,864,975 | 8,440,611 | 8,572,998 | 132,387 |
| EXPENDITURES | | | | |
| Instructional Program | 5,095,977 | 5,089,572 | 4,838,771 | 250,801 |
| Student Supporting Services | 406,556 | 353,223 | 313,732 | 39,491 |
| Instructional Staff Supporting Services | 162,118 | 181,839 | 233,657 | (51,818) |
| General Administration Supporting Services | (80,034) | (89,426) | 189,382 | (278,808) |
| School Administration Supporting Services | 819,508 | 781,396 | 779,277 | 2,119 |
| Business Supporting Services | 552,117 | 560,236 | 273,342 | 286,894 |
| Operations and Maintenance of Plant Services | 855,527 | 852,242 | 879,156 | (26,914) |
| Student Transportation Services | 291,904 | 284,866 | 263,370 | 21,496 |
| Central Support Services | 409,719 | 457,746 | 331,016 | 126,730 |
| Facilities Acquisition and Construction Services | 245,450 | 245,450 | 245,450 | - |
| Debt Service | 218,431 | 100,682 | 100,682 | - |
| Operating Reserves | 1,350,602 | 1,300,950 | - | 1,300,950 |
| TOTAL EXPENDITURES | 10,327,875 | 10,118,776 | 8,447,835 | 1,670,941 |
| Excess (deficiency) of revenues over expenditures | (1,462,900) | (1,678,165) | 125,163 | 1,803,328 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to Other Funds | (96,100) | (116,600) | (90,600) | 26,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | (96,100) | (116,600) | (90,600) | 26,000 |
| Net Change in Fund Balance | (1,559,000) | (1,794,765) | 34,563 | 1,829,328 |
| Fund Balance, Beginning of Year | 1,559,000 | 1,794,765 | 1,794,795 | 30 |
| Fund Balance, End of Year | \$ - | \$ - | \$ 1,829,358 | \$ 1,829,358 |

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

| | 2015 | 2014 |
|---|---------------|---------------|
| District's proportion of the net pension liability | 0.1237180975% | 0.1255667926% |
| District's proportionate share of the net pension liability (asset) | \$ 16,767,958 | \$ 16,016,010 |
| District's covered-employee payroll | \$ 5,193,205 | \$ 5,138,749 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 323% | 312% |
| Plan fiduciary net position as a percentage of the total pension liability | 62.8% | 64.1% |

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

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

Notes to Required Supplementary Information:

There have not been any changes to benefit terms.

There have not been any changes in assumptions.

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 876,868 | \$ 821,580 | \$ 760,855 | \$ 745,120 | \$ 702,732 | \$ 684,396 | \$ 645,619 |
| Contributions in relation to the contractually required contribution | (876,868) | (821,580) | (760,855) | (745,120) | (702,732) | (684,396) | (645,619) |
| Contribution deficiency (excess) | <u>\$ -</u> |
| District's covered-employee payroll | 5,193,205 | 5,138,749 | 5,044,526 | 5,254,800 | 5,092,065 | 5,526,273 | 5,622,701 |
| Contributions as a percentage of covered-employee payroll | 16.88% | 15.99% | 15.08% | 14.18% | 13.80% | 12.38% | 11.48% |

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

Notes to Required Supplementary Information:

There have not been any changes to benefit terms.

There have not been any changes in assumptions.

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.

Projects Fund - Used to account for financial transactions for grants received for designated programs funded by federal, state, or local governments.

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

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE - BALANCE SHEET
June 30, 2015

| | <u>SPECIAL REVENUE FUNDS</u> | | | <u>TOTAL NONMAJOR FUNDS</u> |
|---|------------------------------|------------------------------------|----------------------------------|-------------------------------------|
| | <u>PROJECTS FUND</u> | <u>PUPIL ACTIVITY FUND</u> | <u>FOOD SERVICE FUND</u> | |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 13,025 | \$ 23,154 | \$ 75,561 | \$ 111,740 |
| Due From Other Governments | 90,264 | - | - | 90,264 |
| Inventory | - | - | 2,854 | 2,854 |
| TOTAL ASSETS | <u>\$ 103,289</u> | <u>\$ 23,154</u> | <u>\$ 78,415</u> | <u>\$ 204,858</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Accounts Payable | \$ 1,676 | \$ 617 | \$ 3,928 | \$ 6,221 |
| Due to Other Funds | 35,198 | - | - | 35,198 |
| Accrued Salaries and Benefits | 66,415 | - | 38,597 | 105,012 |
| TOTAL LIABILITIES | <u>103,289</u> | <u>617</u> | <u>42,525</u> | <u>146,431</u> |
| FUND BALANCE | | | | |
| Nonspendable | - | - | 2,854 | 2,854 |
| Committed | | | | |
| Pupil Activities | - | 22,537 | - | 22,537 |
| Assigned | - | - | 33,036 | 33,036 |
| TOTAL FUND BALANCE | <u>-</u> | <u>22,537</u> | <u>35,890</u> | <u>58,427</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 103,289</u> | <u>\$ 23,154</u> | <u>\$ 78,415</u> | <u>\$ 204,858</u> |

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, 2015

| | SPECIAL REVENUE FUNDS | | | TOTAL NONMAJOR FUNDS |
|--|------------------------------|------------------------------------|----------------------------------|-------------------------------------|
| | PROJECTS FUND | PUPIL ACTIVITY FUND | FOOD SERVICE FUND | |
| REVENUES | | | | |
| Local Sources | \$ - | \$ 47,319 | \$ 44,424 | \$ 91,743 |
| State Sources | 168,170 | - | 11,251 | 179,421 |
| Federal Sources | 400,419 | - | 454,798 | 855,217 |
| TOTAL REVENUES | 568,589 | 47,319 | 510,473 | 1,126,381 |
| EXPENDITURES | | | | |
| Instructional Program | 303,708 | 95,971 | - | 399,679 |
| Student Supporting Services | 137,199 | - | - | 137,199 |
| Instructional Staff Supporting Services | 121,687 | - | - | 121,687 |
| Business Supporting Services | 5,995 | - | - | 5,995 |
| Food Services | - | - | 520,961 | 520,961 |
| Facilities Acquisition and Construction Services | - | - | 16,710 | 16,710 |
| TOTAL EXPENDITURES | 568,589 | 95,971 | 537,671 | 1,202,231 |
| Excess (deficiency) of revenues over expenditures | - | (48,652) | (27,198) | (75,850) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Funds | - | 55,600 | 35,000 | 90,600 |
| TOTAL OTHER FINANCING SOURCES (USES) | - | 55,600 | 35,000 | 90,600 |
| Net Change in Fund Balance | - | 6,948 | 7,802 | 14,750 |
| Fund Balance, Beginning of year, as Previously Stated | - | 15,589 | - | 15,589 |
| Change in Accounting Principle | - | - | 28,088 | 28,088 |
| Fund Balance, Beginning of Year, Restated | - | 15,589 | 28,088 | 43,677 |
| Fund Balance, End of year | \$ - | \$ 22,537 | \$ 35,890 | \$ 58,427 |

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, 2015

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|--|-------------------------|----------------|----------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| State Sources | \$ 168,170 | \$ 168,170 | \$ 168,170 | \$ - |
| Federal Sources | 462,957 | 483,756 | 400,419 | (83,337) |
| TOTAL REVENUES | <u>631,127</u> | <u>651,926</u> | <u>568,589</u> | <u>(83,337)</u> |
| EXPENDITURES | | | | |
| Instructional Program | 310,708 | 329,044 | 303,708 | 25,336 |
| Student Supporting Services | 137,066 | 142,264 | 137,199 | 5,065 |
| Instructional Staff Supporting Services | 177,196 | 174,623 | 121,687 | 52,936 |
| General Administration Supporting Services | 162 | - | - | - |
| Business Supporting Services | 5,995 | 5,995 | 5,995 | - |
| TOTAL EXPENDITURES | <u>631,127</u> | <u>651,926</u> | <u>568,589</u> | <u>83,337</u> |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance, Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, End of Year | <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
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2015

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|---|-------------------------|-----------------|------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| Local Sources | \$ 150,400 | \$ 158,260 | \$ 47,319 | \$ (110,941) |
| TOTAL REVENUES | <u>150,400</u> | <u>158,260</u> | <u>47,319</u> | <u>(110,941)</u> |
| EXPENDITURES | | | | |
| Instructional Program | <u>225,000</u> | <u>228,500</u> | <u>95,971</u> | <u>132,529</u> |
| TOTAL EXPENDITURES | <u>225,000</u> | <u>228,500</u> | <u>95,971</u> | <u>132,529</u> |
| Excess (deficiency) of revenues over expenditures | <u>(74,600)</u> | <u>(70,240)</u> | <u>(48,652)</u> | <u>21,588</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Funds | <u>52,100</u> | <u>55,600</u> | <u>55,600</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>52,100</u> | <u>55,600</u> | <u>55,600</u> | <u>-</u> |
| Net Change in Fund Balance | (22,500) | (14,640) | 6,948 | 21,588 |
| Fund Balance, Beginning of Year | <u>22,500</u> | <u>14,640</u> | <u>15,589</u> | <u>949</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,537</u> | <u>\$ 22,537</u> |

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, 2015

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH |
|--|-------------------------|-----------------|------------------|----------------------|
| | ORIGINAL | FINAL | | FINAL BUDGET |
| | | | | POSITIVE |
| | | | | (NEGATIVE) |
| REVENUES | | | | |
| Local Sources | \$ 44,200 | \$ 47,200 | \$ 44,424 | \$ (2,776) |
| State Sources | (8,800) | 11,300 | 11,251 | (49) |
| Federal Sources | 456,000 | 461,815 | 454,798 | (7,017) |
| TOTAL REVENUES | <u>491,400</u> | <u>520,315</u> | <u>510,473</u> | <u>(9,842)</u> |
| EXPENDITURES | | | | |
| Supporting Services | | | | |
| Food Services | | | | |
| Salaries | 175,297 | 170,762 | 168,049 | 2,713 |
| Fringe Benefits | 75,602 | 69,996 | 75,527 | (5,531) |
| Purchased Professional Services | 500 | 500 | 165 | 335 |
| Purchased Property Services | 2,500 | 2,500 | 1,614 | 886 |
| Other Purchased Services | 2,250 | 2,630 | 2,096 | 534 |
| Travel | 2,500 | 2,500 | 2,459 | 41 |
| Food and Commodities | 292,821 | 343,200 | 270,762 | 72,438 |
| Facilities Acquisition and Construction Services | 930 | 17,315 | 16,999 | 316 |
| TOTAL EXPENDITURES | <u>552,400</u> | <u>609,403</u> | <u>537,671</u> | <u>71,732</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | |
| OVER EXPENDITURES | <u>(61,000)</u> | <u>(89,088)</u> | <u>(27,198)</u> | <u>61,890</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Funds | 41,000 | 61,000 | 35,000 | (26,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>41,000</u> | <u>61,000</u> | <u>35,000</u> | <u>(26,000)</u> |
| Net change in Fund Balance | <u>(20,000)</u> | <u>(28,088)</u> | <u>7,802</u> | <u>35,890</u> |
| Fund Balance, Beginning of Year, | | | | |
| as Previously Stated | - | - | - | - |
| Change in Accounting Principle | <u>20,000</u> | <u>28,088</u> | <u>28,088</u> | - |
| Fund Balance, Beginning of Year, Restated | <u>20,000</u> | <u>28,088</u> | <u>28,088</u> | - |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 35,890</u> | <u>\$ 35,890</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, 2015

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|--|-------------------------|------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Local Sources | \$ 595,871 | \$ 595,871 | \$ 587,511 | \$ (8,360) |
| TOTAL REVENUES | <u>595,871</u> | <u>595,871</u> | <u>587,511</u> | <u>(8,360)</u> |
| EXPENDITURES | | | | |
| Debt Service | 580,356 | 582,772 | 582,581 | 191 |
| Operating Reserves | 880,368 | 903,776 | - | 903,776 |
| TOTAL EXPENDITURES | <u>1,460,724</u> | <u>1,486,548</u> | <u>582,581</u> | <u>903,967</u> |
| Net Change in Fund Balance | (864,853) | (890,677) | 4,930 | 895,607 |
| Fund Balance, Beginning of Year | <u>864,853</u> | <u>890,677</u> | <u>890,677</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 895,607</u> | <u>\$ 895,607</u> |

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, 2015

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|--|-------------------------|------------------|-------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| Local Sources | \$ 4,000 | \$ 218,500 | \$ 216,660 | \$ (1,840) |
| State Sources | - | 350,000 | 350,000 | - |
| TOTAL REVENUES | <u>4,000</u> | <u>568,500</u> | <u>566,660</u> | <u>(1,840)</u> |
| EXPENDITURES | | | | |
| Facilities Acquisition and Construction Services | 41,000 | 637,000 | 643,058 | (6,058) |
| Debt Service | - | 117,746 | 117,744 | 2 |
| Operating Reserves | 311,856 | 375,211 | - | 375,211 |
| TOTAL EXPENDITURES | <u>352,856</u> | <u>1,129,957</u> | <u>760,802</u> | <u>369,155</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | |
| OVER EXPENDITURES | (348,856) | (561,457) | (194,142) | 367,315 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Funds | 3,000 | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>3,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (345,856) | (561,457) | (194,142) | 367,315 |
| Fund Balance, Beginning of Year | <u>345,856</u> | <u>561,457</u> | <u>561,457</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 367,315</u> | <u>\$ 367,315</u> |

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
INTERNAL SERVICE FUND
For the Year Ended June 30, 2015

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|---|-------------------------|----------------|------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| OPERATING REVENUES | | | | |
| Premiums | \$ 850,821 | \$ 880,000 | \$ 784,158 | \$ (95,842) |
| TOTAL OPERATING REVENUES | <u>850,821</u> | <u>880,000</u> | <u>784,158</u> | <u>(95,842)</u> |
| OPERATING EXPENSES | | | | |
| Purchased Services | 850,821 | 850,000 | 756,763 | 93,237 |
| Operating Reserves | <u>29,179</u> | <u>30,000</u> | <u>-</u> | <u>30,000</u> |
| TOTAL OPERATING EXPENSES | <u>880,000</u> | <u>880,000</u> | <u>756,763</u> | <u>123,237</u> |
| Operating Income (Loss) | <u>(29,179)</u> | <u>-</u> | <u>27,395</u> | <u>27,395</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | (29,179) | - | 27,395 | 27,395 |
| NET POSITION, Beginning of Year | <u>29,179</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,395</u> | <u>\$ 27,395</u> |

MONTE VISTA SCHOOL DISTRICT NO. 8

SINGLE AUDIT SECTION

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM OR CLUSTER TITLE | FEDERAL CFDA NUMBER | PASS-THROUGH ENTITY IDENTIFYING NUMBER | FEDERAL EXPENDITURES |
|--|------------------------------------|---|---------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| COLORADO DEPARTMENT OF EDUCATION | | | |
| <i>Child Nutrition Cluster</i> | | | |
| School Breakfast Program | 10.553 | 4553 | \$ 175,492 |
| National School Lunch Program | 10.555 | 4555 | 239,326 |
| COLORADO DEPARTMENT OF HUMAN SERVICES | | | |
| USDA Foods | 10.555 | 4555 | 23,165 |
| Total for <i>Child Nutrition Cluster</i> | | | <u>437,983</u> |
| National School Lunch Equipment Assistance | 10.579 | 5579 | 16,815 |
| COLORADO DEPARTMENT OF TREASURY AND RIO GRANDE COUNTY TREASURER | | | |
| <i>Forest Service Schools and Roads Cluster</i> | | | |
| Schools and Roads- Grants to States | 10.665 | 7665 | 71,884 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| COLORADO DEPARTMENT OF EDUCATION | | | |
| No Child Left Behind, Title I, Part A | | | |
| Improving Basic Programs Operated by Schools: Formula Grant | 84.010 | 4010 | 286,136 |
| No Child Left Behind, Title VI, Part B: Subpart II: | | | |
| Rural and Low Income Schools | 84.358 | 7358 | 16,775 |
| No Child Left Behind, Title II, Part A: | | | |
| Teacher and Principal Training and Recruiting Fund | 84.367 | 4367 | 90,364 |
| No Child Left Behind, Title III, Part A | | | |
| Race to the Top - Early Childhood Readiness Assessment | 84.412 | 5412 | <u>836</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 927,101</u></u> |

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

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, 2015. 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, 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2016.

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

Compliance and Other Matters

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

Purpose of this Report

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



Wall, Smith, Bateman Inc.
Alamosa, Colorado

January 11, 2016



Wall,
Smith,
Bateman Inc.

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

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, 2015. 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, 2015.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Wall, Smith, Bateman Inc.
Alamosa, Colorado

January 11, 2016

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

| | | |
|--|----------|------------------------|
| § Material weakness(es) identified? | _____yes | _____X___no |
| § Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____yes | _____X___none reported |
| § Noncompliance material to financial statements noted? | _____yes | _____X___no |

Federal Awards

Internal control over major programs:

| | | |
|--|----------|------------------------|
| § Material weakness(es) identified? | _____yes | _____X___no |
| § Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____yes | _____X___none reported |

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____yes _____X___no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.010 | No Child Left Behind, Title I, Part A |

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

Auditee qualified as a low-risk auditee? _____X___yes _____no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

MONTE VISTA SCHOOL DISTRICT NO. 8
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2015

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.

Status: Implemented

MONTE VISTA SCHOOL DISTRICT NO. 8

CDE COMPLIANCE SECTION



Colorado Department of Education

Auditors Integrity Report

District: 2740 - MONTE VISTA C-8

Fiscal Year 2014-15

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number | Beg Fund Balance & Prior Per Adj (6880*) | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|---|--|--|---|---|
| Governmental | + | | - | = |
| 10 General Fund | 1,785,774 | 8,232,071 | 8,196,800 | 1,821,045 |
| 18 Risk Mgmt Sub-Fund of General Fund | 9,021 | 122,001 | 122,709 | 8,313 |
| 19 Colorado Preschool Program Fund | 0 | 128,326 | 128,326 | 0 |
| Sub- Total | 1,794,795 | 8,482,398 | 8,447,835 | 1,829,358 |
| 11 Charter School Fund | 0 | 0 | 0 | 0 |
| 20,26-29 Special Revenue Fund | 0 | 0 | 0 | 0 |
| 21 Food Service Spec Revenue Fund | 28,088 | 545,473 | 537,671 | 35,890 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 568,589 | 568,589 | 0 |
| 23 Pupil Activity Special Revenue Fund | 15,589 | 102,918 | 95,971 | 22,537 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | 0 | 0 | 0 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 890,677 | 587,511 | 582,581 | 895,607 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 561,457 | 566,660 | 760,802 | 367,315 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 0 | 0 | 0 | 0 |
| Totals | 3,290,606 | 10,853,549 | 10,993,449 | 3,150,706 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | 30,004 | 2,608 | 27,396 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 0 | 30,004 | 2,608 | 27,396 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | 0 |
| 73 Agency Fund | 0 | 284,611 | 0 | 284,611 |
| 74 Pupil Activity Agency Fund | 157,888 | 216,064 | 202,688 | 171,264 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 157,888 | 500,675 | 202,688 | 455,875 |

FINAL

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