MONTE VISTA SCHOOL DISTRICT NO. 8
MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

June 30, 2018

Wall,
Smith,
Bateman Inc.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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, 2018, 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, 2018, and the respective changes in financial

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 – Summary of Significant Accounting Policies, in fiscal year 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension, and other postemployment benefits information on pages 4–14 and 57-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial schedules, the Colorado School Districts Auditor's Integrity Report, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 06, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 06, 2018

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2018

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, 2018. 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, 2018, are as follows:

- In total, net position for the District is ($1,296,210), a decrease of $8,359,310. The main reason for the decrease was the increase to pension benefits as required by *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date*. This statement revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The pension adjustment for FY2018 was $ 6,896,058, the OPEB (Other Post-Employment Benefits) was $10,198. The remaining decrease in net position would be from depreciation.

- General Revenues accounted for $9,511,152 in revenue or 82% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, accounted for $2,028,627 or 18% of total revenues of $11,539,779.

- The District had $19,036,647 in expenses related to governmental activities. Of these expenses $2,028,627 were offset by program specific charges for services, grants and contributions.

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

- The General Fund had $9,372,314 in revenues and $9,311,397 in expenditures. The General Fund's fund balance increased $60,917 to $2,514,660 from $2,453,743 in 2106-2017. A portion of the ending fund balance was set aside to meet other obligations as follows:

Restricted:	
TABOR 3% Reserve	$ 299,902
Committed:	
Multi-year Contracts	133,000
Insurance Reserve	8,626
Assigned:	
Pupil Count Audit	60,000
Designated for Subsequent Years	145,522
Unassigned:	1,867,610
Total Fund Balance	$ 2,514,660

- The Projects Fund reflects State and Federal source revenues, which are to be used for specific purposes as defined in the grant documents. In fiscal year 2018, the District expended $717,676.

- The Bond Redemption Fund had revenues from property taxes and earnings on investments of $577,152 and debt service payments of $577,205. The fund balance decreased by $53 to $937,550. 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 11.300 mills reflected the funding needed to meet the new obligations. The current fund balance is adequate to meet the current obligations of the bond issue.

Business-Type Fund

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

Overview of the Financial Statements

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

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

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

Government-wide Statements

The government-wide statements report information about the District 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 categorized as governmental funds:

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.

- The District establishes other funds to control and manage money for 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.

- *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.

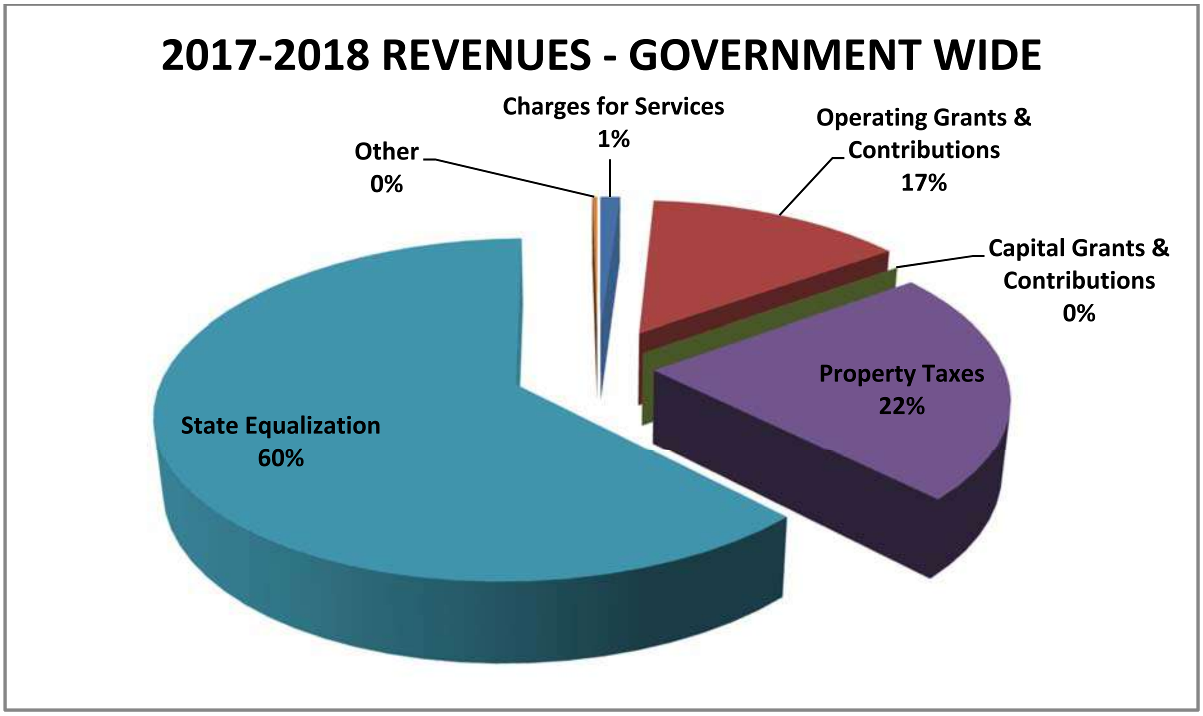
Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2019. 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 2019.

Table I
Condensed Statement of Net Position
As of June 30, 2018

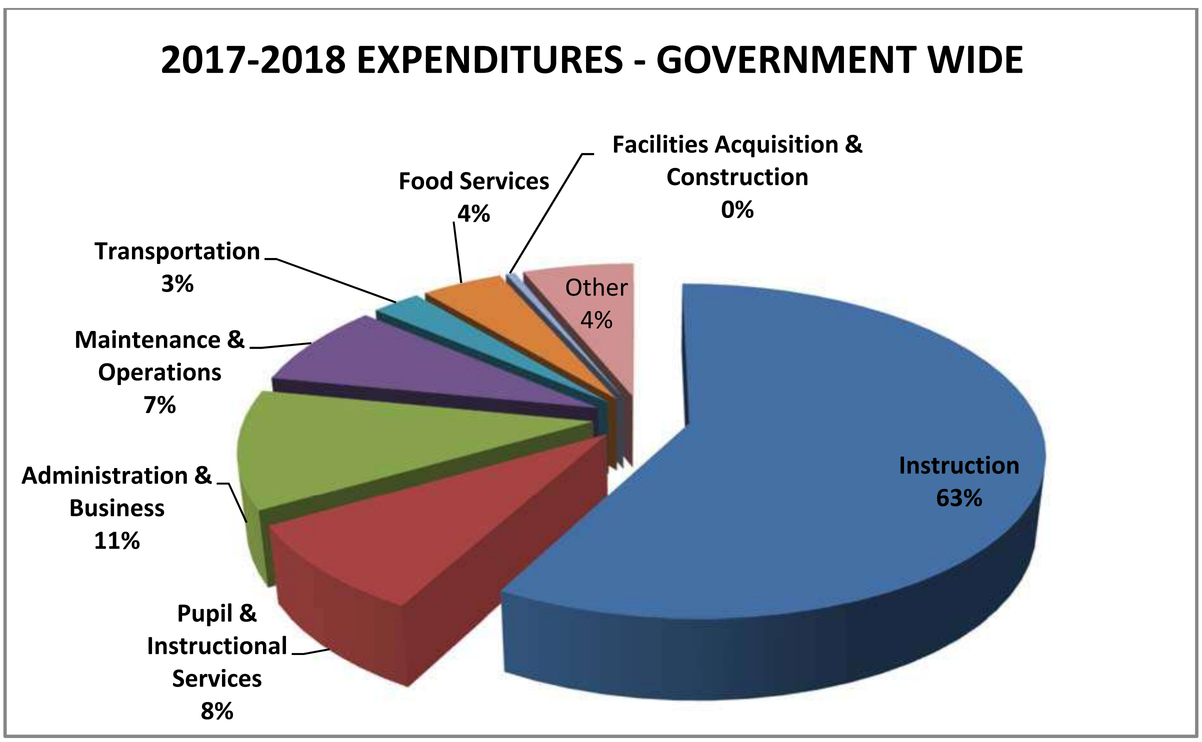
	Governmental Activities 2017	Governmental Activities 2018	% Change
Assets			
Current Assets	$ 5,149,199	$ 5,468,412	6.20%
Capital Assets	33,772,733	32,466,713	-3.87%
Total Assets	38,921,932	37,935,125	-2.54%
Deferred Outflows of Resources			
Bond Refunding	423,621	385,110	-9.09%
Pension	13,916,969	11,241,774	-19.22%
OPEB	-	34,227	#DIV/0!
Total Deferred Outflows of Resources	14,340,590	11,661,111	-18.68%
Liabilities			
Current Liabilities	1,839,996	1,899,794	3.25%
Long-Term Liabilities	43,918,306	47,183,447	7.43%
Total Liabilities	45,758,302	49,083,241	7.27%
Deferred Inflows of Resources			
Pension	415,965	1,760,910	323.33%
OPEB	-	19,360	#DIV/0!
Unavailable Revenue - Property Tax	25,155	28,935	15.03%
Total Deferred Inflows of Resources	441,120	1,809,205	310.14%
Net Position			
Net Investment in Capital Assets	25,764,404	24,936,903	-3.21%
Restricted	1,467,617	1,487,466	1.35%
Unrestricted	(20,168,921)	(27,720,579)	37.44%
Total Net Position	$ 7,063,100	$ (1,296,210)	-118.35%

Table II
Condensed Statement of Changes in Net Position
Fiscal Year 2018

	Governmental Activities		%
	2017	2018	Change
Revenue			
Program Revenues:			
Charges for Services	$ 99,851	$ 95,756	-4.10%
Operating Grants & Contributions	1,625,999	1,932,871	18.87%
Capital Grants & Contributions	13,428	-	-100.00%
General Revenues:			
Property Taxes	2,527,934	2,584,975	2.26%
State Equalization	6,885,434	6,899,839	0.21%
Other	21,507	26,338	22.46%
Total Revenues	11,174,153	11,539,779	3.27%
Expenses			
Instruction	10,833,332	11,974,369	10.53%
Pupil & Instructional Services	1,493,240	1,534,829	2.79%
Administration & Business	2,052,594	2,128,037	3.68%
Maintenance & Operations	1,323,900	1,366,838	3.24%
Transportation	489,669	498,557	1.82%
Food Services	674,768	722,760	7.11%
Facilities Acquisition & Construction	627	56,015	8833.81%
Other	784,778	755,242	-3.76%
Total Expenses	17,652,908	19,036,647	7.84%
Excess (Deficiency) Before Transfers	(6,478,755)	(7,496,868)	15.71%
Increase (Decrease) in Net Position	(6,478,755)	(7,496,868)	15.71%
Net Position, Beginning of Year, As Previously Stated	13,541,855	7,063,100	-47.84%
Change in Accounting Principal	-	(862,442)	#DIV/0!
Net Position, Beginning of Year, Restated	13,541,855	6,200,658	-54.21%
Ending Net Position	$ 7,063,100	$ (1,296,210)	-118.35%



2017-2018 REVENUES - GOVERNMENT WIDE
Charges for Services 1%
Other 0%
Operating Grants & Contributions 17%
Capital Grants & Contributions 0%
Property Taxes 22%
State Equalization 60%



2017-2018 EXPENDITURES - GOVERNMENT WIDE
Facilities Acquisition & Construction 0%
Food Services 4%
Transportation 3%
Other 4%
Maintenance & Operations 7%
Administration & Business 11%
Instruction 63%
Pupil & Instructional Services 8%

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

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, designated and undesignated fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year. The fund balance for the General Fund that has not been restricted or committed is $2,073,132. The Tax Payer Bill of Rights (TABOR) Reserve, required by state statute, was increased to $299,902. 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 $8,694 per student or $9,658,108. This is an increase of $83 or 1.0% over the previous year. The total program funding was then adjusted by the "Budget Stabilization Factor" of 11.04% or $1,069,340, reducing the actual funding by about $872 per student. The funded pupil count for fiscal year 2018 was 1,114. 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 2018

	Total Cost of Services		Net Cost of Services	
	2017	**2018**	**2017**	**2018**
Instruction	$ 10,833,332	$ 11,974,369	$ 9,874,638	$ 10,808,802
Pupil & Instructional Services	1,493,240	1,534,829	1,232,020	1,342,718
Administration & Business	2,052,594	2,128,037	2,052,593	2,128,037
Maintenance & Operations	1,323,900	1,366,838	1,323,900	1,366,838
Transportation	489,669	498,557	445,319	452,252
Food Services	674,768	722,760	199,755	182,337
Facilities Acquisiton & Constr	627	56,015	627	56,015
Other	784,778	755,242	784,778	671,021
Total Expenses	$ 17,652,908	$ 19,036,647	$ 15,913,630	$ 17,008,020

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 2017-2018 adopted General Fund budget was amended in January 2018, for the following reasons:

- The adopted budget for 2017-2018 reflected an estimated funded pupil count of 1119.5, while the actual funded pupil count was 1,114 a decrease of 5.5. The revised budget in January 2017included an adjustment to equalization, reflecting this increase in funded pupil count of $111,339.
- The audited beginning fund balance increase of $345,800 helped to offset expenditures for the current year that exceeded current budgeted revenues.
- Major adjustments to the General Fund revenues primarily were to reduce the estimated revenues to more realistic amounts.
- Major adjustments to General Fund expenditures include the recalculation of salaries and benefits, and various reclassifications of individual line items.

Adjustments to other funds reflected final FY2018 ending fund balances and final numbers for grant funds.

The Monte Vista School Board approved the following supplemental budgets:

- A supplemental budget for the CPP Fund was approved in April 2018, to increase the allocation from General Fund by $33,084 to meet the statutory minimum.

District General Fund expenditures were lower than total budgeted expenditures by $826,913, as is reflected in the budgeted carryover of $2,514,660.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2018, the District had $32,466,713 invested in sites, land improvements, buildings, equipment and vehicles, which was used in governmental activities. Table IV shows the investment in capital assets net of depreciation expense for governmental activities.

Table IV
Capital Assets at June 30, 2018
(Net of Depreciation)

	Governmental Activities 2017	Governmental Activities 2018	% Change
Sites	$ 258,329	$ 258,329	0.00%
Site Improvements - Inexhaustible	2,519,252	2,519,252	0.00%
Land Improvements	4,209,782	4,045,345	-3.91%
Buildings	26,155,551	25,115,850	-3.98%
Equipment	508,259	380,594	-25.12%
Vehicles	121,560	107,343	-11.70%
Construction in Progress	-	-	0.00%
Totals	$ 33,772,733	$ 32,426,713	-3.99%

Long-Term Debt

At June 30, 2018, the District had $7,571,273 in total long-term debt. Of this amount $529,134 is due within one year. Table V details the outstanding debt and the portion due within one year for the District. Compensated absences of $292,608, 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, 2018

	2017		2018	
	Due Within One Year	Total Debt	Due Within One Year	Total Debt
General Obligation Bonds	$ 328,579	$ 7,332,089	$ 340,053	$ 7,003,510
Lease Purchase Agreements	109,528	223,047	113,519	113,519
Early Retirement Bonus Payable	87,621	226,208	75,562	178,262
Compensated Absences Payable	-	255,852	-	292,608
Totals	$ 525,728	$ 8,037,196	$ 529,134	$ 7,587,899

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, 2018, was $100,000.

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, 2018, was $155,000.

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, 2018, was $2,758,510.

On August 10, 2016 the District issued $4,120,000 in Series 2016 General Obligation Refunding Bonds to refund $2,630,000 of the District's outstanding Series 2009 Bonds, issued in the original aggregate principal amount of $3,000,000 and currently outstanding in the aggregate principal amount of $2,820,000 and $1,215,000 of its Series 2010 Bonds, issued in the original aggregate principal amount of $1,645,000. The principal balance outstanding at June 30, 2018, was $3,990,000.

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. The principal balance outstanding at June 30, 2018, was $113,519.

Factors Bearing on the District's Future

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

- District has been experiencing declining enrollment since fiscal year 2000. The enrollment for 2017-2018 has decreased by 5.5 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 years prior to 2015-16 the District used the averaging method, However, in the past two years it was once again advantageous for the District to us the actual FTE. The actual FTE for 2017-18 is 1,114.

- Starting in FY 2010-11, an additional factor was included in the school finance formula. This factor acts as a reduction to other existing factors and shall not reduce any base per pupil funding districts receive through the school finance formula. In general, this factor is calculated by first determining the total program prior to application of the Budget Stabilization Factor (BS). The BS factor in FY 2012-13 it was 16.11%, FY 2013-14 15.42%, FY 2014-15 12.96% , FY 2015-16 11.51%, FY 2016-17 11.83%. The BS factor for FY 2017-18 was 11.04%. The accumulated impact of the BS factor has eroded the district's capacity to retain some high quality staff; delayed some needed major repairs; and purchase adequate instructional support materials.

- In May of 2017 the District was awarded a Colorado Health Foundation two-year "Working to Insure Student Health" (WISH) planning grant in the amount of $159,570. This grant was previously reported to have been awarded additional funds, however, the foundation awarding the monies changed their focus and so further grant writing will be required to fully fund the Comprehensive Health and Wellness Plan programs.

- Professional level staffing continues to be a major concern due to extreme teacher shortages locally and statewide. The ability to attract just applicants for some historically easy to fill positions is extremely difficult, primarily due to the impact of the BS factor. Additionally, the Colorado retirement system proposed changes will put additional pressure on the district resources to meet the statutory funding obligations, which, short of additional state revenue, will further erode local instructional support resources.

Contacting the District's Financial Management

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

MONTE VISTA SCHOOL DISTRICT NO. 8

BASIC FINANCIAL STATEMENTS

MONTE VISTA SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 5,170,690
Accounts Receivable	84,171
Property Tax Receivable	28,935
Due from Other Governments	160,376
Inventories	24,240
Total Current Assets	5,468,412
Noncurrent Assets	
Capital Assets	
Land	258,329
Site Improvements	2,519,252
Land Improvements	5,096,049
Buildings	37,138,353
Equipment	2,402,281
Vehicles	903,106
Less Accumulated Depreciation	(15,850,657)
Total Noncurrent Assets	32,466,713
TOTAL ASSETS	37,935,125
DEFERRED OUTFLOWS OF RESOURCES	
Bond Refunding	385,110
Pension	11,241,774
OPEB	34,227
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,661,111
LIABILITIES	
Current Liabilities	
Accounts Payable	143,529
Accrued Salaries and Benefits	1,107,965
Unearned Grant Revenue	78,754
Premium on Issuance of Bonds	40,412
Lease Purchase Agreement	113,519
General Obligation Bonds	340,053
Early Retirement Bonus	75,562
Total Current Liabilities	1,899,794
Noncurrent Liabilities	
Premium on Issuance of Bonds	372,369
General Obligation Bonds	6,663,457
Early Retirement Bonus	102,700
Compensated Absences	292,608
Pension Liability	38,864,805
OPEB Liability	887,508
Total Noncurrent Liabilities	47,183,447

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

MONTE VISTA SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government Governmental Activities
TOTAL LIABILITIES	49,083,241
DEFERRED INFLOWS OF RESOURCES	
Pension	1,760,910
OPEB	19,360
Deferred Revenue - Property Tax	28,935
TOTAL DEFERRED INFLOWS OF RESOURCES	1,809,205
NET POSITION	
Net Investment in Capital Assets	24,936,903
Restricted for	
Debt Service	937,550
TABOR	299,902
BEST Capital Renewal Reserve	250,014
Unrestricted	(27,720,579)
TOTAL NET POSITION	$ (1,296,210)

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

MONTE VISTA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Primary Government**
Primary Government					
Governmental Activities					
Instructional Program	$ 11,974,369	$ 18,463	$ 1,147,104	$ -	$ (10,808,802)
Student Supporting Services	942,132	19,185	172,926	-	(750,021)
Instructional Staff Supporting Services	592,697	-	-	-	(592,697)
General Administration Supporting Services	388,293	-	-	-	(388,293)
School Administration Supporting Services	1,481,479	-	-	-	(1,481,479)
Business Supporting Services	258,265	-	-	-	(258,265)
Operations and Maintenance of Plant Services	1,366,838	-	-	-	(1,366,838)
Student Transportation Services	498,557	3,553	42,752	-	(452,252)
Central Supporting Services	438,541	-	-	-	(438,541)
Community Services	59,859	-	84,221	-	24,362
Food Services	722,760	54,555	485,868	-	(182,337)
Facilities Acquisition and Construction Services	56,015	-	-	-	(56,015)
Interest on Long-term Debt	256,842	-	-	-	(256,842)
Total Governmental Activities	19,036,647	95,756	1,932,871	-	(17,008,020)
Total Primary Government	$ 19,036,647	$ 95,756	$ 1,932,871	$ -	(17,008,020)

General Revenues	
Taxes	
General Property Taxes - Net	2,274,859
Specific Ownership Taxes	302,077
Other Taxes	8,039
State Equalization	6,899,839
Interest on Investments	23,281
Miscellaneous	3,057
Total General Revenues	9,511,152
Change in Net Position	(7,496,868)
Net Position, Beginning of Year	7,063,100
GASB 75 Restatement	(862,442)
Net Position, Beginning of Year Restated	6,200,658
Net Position, End of Year	$ (1,296,210)

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

MONTE VISTA SCHOOL DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2018

	GENERAL FUND	PROJECTS FUND	BOND REDEMPTION FUND
ASSETS			
Cash and Cash Equivalents	$ 3,483,775	$ 134,314	$ 916,151
Accounts Receivable	62,772	-	21,399
Property Tax Receivable	21,629	-	7,306
Due from Other Governments	29,007	131,369	-
Due from Other Funds	142,537	-	-
Inventory	-	-	-
TOTAL ASSETS	$ 3,739,720	$ 265,683	$ 944,856
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 140,330	$ 96	$ -
Due to Other Funds	32,800	142,537	-
Unearned Grant Revenue	36,565	42,189	-
Accrued Salaries and Benefits	993,736	80,861	-
TOTAL LIABILITIES	1,203,431	265,683	-
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Tax	21,629	-	7,306
FUND BALANCE			
Nonspendable			
Inventory	-	-	-
Restricted			
TABOR 3% Reserve	299,902	-	-
BEST Capital Reserve Renewal	-	-	-
Debt Service	-	-	937,550
Bond Proceeds for Capital Construction	-	-	-
Committed			
Multi-Year Contracts	133,000	-	-
Pupil Activities	-	-	-
Insurance Reserve	8,626	-	-
Food Service	-	-	-
Capital Projects/Equipment	-	-	-
Assigned			
Pupil Count Audit	60,000	-	-
Designated for Subsequent Years	145,522	-	-
Unassigned	1,867,610	-	-
TOTAL FUND BALANCE	2,514,660	-	937,550
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,739,720	$ 265,683	$ 944,856

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

TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 590,440	$ 5,124,680
-	84,171
-	28,935
-	160,376
32,800	175,337
24,240	24,240
$ 647,480	$ 5,597,739
$ 3,103	$ 143,529
-	175,337
-	78,754
33,368	1,107,965
36,471	1,505,585
-	28,935
24,240	24,240
-	299,902
250,014	250,014
-	937,550
92,618	92,618
-	133,000
-	-
-	8,626
61,787	61,787
185,556	185,556
-	60,000
-	145,522
(3,206)	1,864,404
611,009	4,063,219
$ 647,480	$ 5,597,739

MONTE VISTA SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION

June 30, 2018

Total governmental fund balances		$ 4,063,219
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.		32,466,713
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position		11,276,001
Deferred results of bond refunding		385,110
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	$ (7,003,510)	
Lease Purchase Agreements	(113,519)	
Early Retirement Bonus Payable	(178,262)	
Compensated Absences	(292,608)	
		(7,587,899)
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		(412,781)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(39,752,313)
Certain amounts related to the net pension and OPEB liabilites are deferred and amortized over time. These are not reported in the funds.		(1,780,270)
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.		46,010
Net position of governmental activities		$ (1,296,210)

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

MONTE VISTA SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

	GENERAL FUND	PROJECTS FUND	BOND REDEMPTION FUND
REVENUES			
Local Sources	$ 2,248,373	$ -	$ 577,152
Intermediate Sources	1,468	-	-
State Sources	7,364,825	226,112	-
Federal Sources	28,848	491,564	-
TOTAL REVENUES	9,643,514	717,676	577,152
EXPENDITURES			
Instructional Program	5,545,232	424,789	-
Student Supporting Services	467,166	74,129	-
Instructional Staff Supporting Services	191,986	192,885	-
General Administration Supporting Services	229,898	15,741	-
School Administration Supporting Services	810,362	-	-
Business Supporting Services	251,229	3,562	-
Operations and Maintenance of Plant Services	947,025	-	-
Student Transportation Services	335,653	-	-
Central Supporting Services	356,926	4,887	-
Community Services	58,176	1,683	-
Food Services	-	-	-
Facilities Acquisition and Construction Services	-	-	-
Debt Service	117,744	-	577,205
TOTAL EXPENDITURES	9,311,397	717,676	577,205
Excess (Deficiency) of Revenues Over Expenditures	332,117	-	(53)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(271,200)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(271,200)	-	-
Net Change in Fund Balance	60,917	-	(53)
Fund Balance, Beginning of Year	2,453,743	-	937,603
Fund Balance, End of Year	$ 2,514,660	$ -	$ 937,550

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

	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	$ 115,569	$ 2,941,094
	-	1,468
	11,540	7,602,477
	474,328	994,740
	601,437	11,539,779
	112,235	6,082,256
	-	541,295
	-	384,871
	-	245,639
	-	810,362
	-	254,791
	-	947,025
	-	335,653
	-	361,813
	-	59,859
	516,937	516,937
	56,015	56,015
	-	694,949
	685,187	11,291,465
	(83,750)	248,314
	271,200	271,200
	-	(271,200)
	271,200	-
	187,450	248,314
	423,559	3,814,905
	$ 611,009	$ 4,063,219

MONTE VISTA SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds		$ 248,314
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	$ 64,550	
Depreciation expense	(1,370,570)	
		(1,306,020)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The bond premium provides a current financial resource to governmental funds, but must be capitalized and amortized over the life of the bonds in the government-wide financial statements.		
Principal payment on general obligation bonds	328,579	
Principal payment on lease purchase agreement	109,528	
Bond premium amortization	40,412	
Deferred charge on refunding	(38,511)	
		440,008
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	(36,756)	
Early retirement bonus payable	47,946	
		11,190
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.		15,897
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These items consists of the change in pension and OPEB expense.		(6,906,257)
Change in net position of governmental activities		$ (7,496,868)

MONTE VISTA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2018

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 46,010
Total Current Assets	46,010
TOTAL ASSETS	46,010
LIABILITIES	
Current Liabilities	
Due to Other Funds	-
TOTAL LIABILITIES	-
NET POSITION	
Unrestricted	46,010
TOTAL NET POSITION	$ 46,010

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

MONTE VISTA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2018

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUND
OPERATING REVENUES	
Insurance Premiums	$ 1,004,524
Total Operating Revenues	1,004,524
OPERATING EXPENSES	
Purchased Services	988,627
Total Operating Expenses	988,627
Operating Income (Loss)	15,897
NONOPERATING REVENUES (EXPENSES)	-
Change in Net Position	15,897
Net Position, Beginning of Year	30,113
Net Position, End of Year	$ 46,010

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

MONTE VISTA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

		INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Insurance Premiums	$	1,004,524
Cash Payments for Claims and Fees		(990,625)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		13,899
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		-
CASH FLOWS FROM INVESTING ACTIVITIES		-
Net Increase (Decrease) in Cash and Cash Equivalents		13,899
Cash and Cash Equivalents, Beginning of Year		32,111
Cash and Cash Equivalents, End of Year	$	46,010
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$	15,897
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Increase (Decrease) in Due to Other Funds		(1,998)
Net Cash provided (used) by Operating Activities	$	13,899

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

MONTE VISTA SCHOOL DISTRICT

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUNDS

June 30, 2018

		STUDENT ACTIVITY AGENCY FUND
ASSETS		
Cash	$	128,392
Due From Other Funds		-
TOTAL ASSETS	$	128,392
LIABILITIES		
Accounts Payable	$	109
Due to Student Activities		128,283
TOTAL LIABILITIES	$	128,392

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

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.

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The District reports the following major governmental funds:

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

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

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

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, 2018, have been recorded in the financial statements as an asset and a corresponding deferred inflow of resources.

Receivables/Payables From Other District Funds

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

Inventories

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

USDA Commodities

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

Prepaid Items

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

Capital Assets

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

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

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

Long-Term Obligations

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

Voluntary Early Retirement Bonus Plan

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

Compensated Absences

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

Unearned Grant Revenue

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

Deferred Outflows/Inflows of Resources

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

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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled C*hanges between the measurement date of the net pension liability and June 30, 2018.*

Other Postemployment Benefits

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

Net Position

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

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

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

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

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

Encumbrances

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

Use of Estimates

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

New Accounting Pronouncements

During 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB No. 75), which revises and establishes new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB).

GASB No. 75 requires cost-sharing employers participating in the PERA program, such as the District to record their proportionate share, as defined in GASB No. 75, of PERA's unfunded OPEB, specifically the Health Care Trust Fund (HCTF). The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. The District has no legal obligation to fund this HCTF 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. 75 to record a portion of PERA's unfunded liability negatively impacted the District's beginning net position by $862,442. The OPEB liability recorded as of June 30, 2018 was $887,508. Information regarding PERA's current funding status can be found in its Comprehensive Annual Financial Report.

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 2018.

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

The Pupil Activity Fund has a negative fund balance of $3,206 as of June 30, 2018. This may be a violation of Colorado Revised Statutes.

NOTE 3 CASH AND DEPOSITS

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

Cash in Banks	$	3,679,534
Cash on Hand		1,000
Investments		1,618,548
Less: amounts related to Agency Funds		(128,392)
Total cash and deposits on the Statement of Net Position	$	5,170,690

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, $3,298,720 of the District's bank balance of $3,798,730 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

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

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

Fair Value

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

As of June, 30 2018, the District has the following investments:

Investments	Maturity	Total	Rating
CSAFE	Less than 1 year	$1,618,548	AAAm

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

NOTE 4 PROPERTY TAXES RECEIVABLE

At June 30, 2018, the District had an estimated property tax receivable as follows:

General Fund	$	21,629
Bond Redemption Fund		7,306
	$	28,935

NOTE 5 ACCOUNTS RECEIVABLE

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

General Fund		
June, July, and August Treasurer's Collections	$	62,632
Other		140
Bond Redemption Fund		
June, July, and August Treasurer's Collections		21,399
	$	84,171

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, 2018, the District had $160,376 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, 2018, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Projects Fund	$ 142,537
Building Fund	General Fund	26
Food Service Fund	General Fund	32,774
		$ 175,337

Interfund Transfers

Interfund transfers for the year ended June 30, 2018, were as follows:

Transfer In	Transfer Out	Amount
Pupil Activity Fund	General Fund	$ 54,200
Building Fund	General Fund	217,000
		$ 271,200

The General Fund transfers were made to subsidize the Pupil Activity Fund and provide funds for a roof project in the Building Fund.

NOTE 8 CAPITAL ASSETS

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

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 258,329	$ -	$ -	258,329
Site Improvements- Inexhaustible	2,519,252	-	-	2,519,252
Total capital assets not being depreciated	2,777,581	-	-	2,777,581
Capital Assets Being Depreciated				
Land Improvements	5,096,049	-	-	5,096,049
Buildings	37,138,353	-	-	37,138,353
Equipment	2,367,530	42,251	(7,500)	2,402,281
Vehicles	1,022,255	22,299	(141,448)	903,106
Total Capital Assets Being Depreciated	45,624,187	64,550	(148,948)	45,539,789
Less: Accumulated Depreciation For				
Land Improvements	886,267	164,437	-	1,050,704
Buildings	10,982,802	999,701	-	11,982,503
Equipment	1,859,271	169,916	(7,500)	2,021,687
Vehicles	900,695	36,516	(141,448)	795,763
Total Accumulated Depreciation	14,629,035	1,370,570	(148,948)	15,850,657
Net Capital Assets being depreciated	30,995,152	(1,306,020)	-	29,689,132
Total Capital Assets, net	$ 33,772,733	$ (1,306,020)	$ -	$ 32,466,713

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

Governmental Activities	
Instructional Program	$ 1,011,837
Student Support Services	174,936
Instructional Staff Support Services	553
General Administration Supporting Services	26,290
Operations and Maintenance of Plant Services	82,490
Student Transportation Services	44,161
Central Supporting Services	14,820
Food Services	15,483
Total depreciation expense - governmental activities	$ 1,370,570

NOTE 9 ACCRUED SALARIES AND BENEFITS

The teachers, administrators, and the administrative staff are employed under nine, ten, and eleven month contracts. All District employees are paid on a twelve-month basis, therefore, a difference exists between the actual amount of salaries earned under the contract and the amount paid. The difference between salaries earned and paid, including the District's share of benefits, has been accrued in the financial statements in the amount of $1,107,965.

NOTE 10 OPERATING LEASES

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

NOTE 11 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2018, were as follows:

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018	Due Within One Year
Governmental Activities					
G.O. Bonds Payable	$ 7,332,089	$ -	$ 328,579	$ 7,003,510	$ 340,053
Lease Purchase Agreements	223,047	-	109,528	113,519	113,519
Early Retirement Bonus Payable	226,208	39,675	87,621	178,262	75,562
Compensated Absences	255,852	36,756	-	292,608	-
Bond Premium	453,193	-	40,412	412,781	40,412
Total *Governmental Activities*	$ 8,490,389	$ 76,431	$ 566,140	$ 8,000,680	$ 569,546

General Obligation Bonds Payable

Series 2009

On December 17, 2009, the District issued general obligation bonds series 2009 in the amount of $3,000,000 with an average interest rate of 5.06% to be paid in full on December 1, 2034. The bonds were issued for the purpose of financing the renovating, replacing, constructing, and equipping of facilities and improvements to the Marsh Elementary School and preliminary costs for the High School and Bill Metz construction projects. A portion of the series 2009 bonds were refunded during the issuance of the 2016 bonds. The principal balance outstanding at June 30, 2018, was $100,000.

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. A portion of the series 2010 bonds were refunded during the issuance of the 2016 bonds. The principal balance outstanding at June 30, 2018, was $155,000.

Series 2010D-F Matching Money Bonds

On December 16, 2010, the District issued general obligation bonds series 2010D-F matching money bonds in the amount of $3,752,301 with an interest rate of 4.082% to be paid in full on December 1, 2030. The bonds were issued for the District's match for the Building Excellent Schools Today Act (BEST) grant for the construction of the new high school and the construction and renovation of the Bill Metz elementary school. The principal balance outstanding at June 30, 2018, was $2,758,510.

Series 2016

On August 10, 2016, the District issued general obligation refunding bonds series 2016 in the amount of $4,120,000 with an interest rate of 3.33% to be paid in full on December 1, 2034. The bonds were issued to refund $2,630,000 of the District's outstanding Series 2009 Bonds callable December 1, 2019 and $1,215,000 of its Series 2010 Bonds callable December 1, 2020. The principal balance outstanding at June 30, 2018, was $3,990,000.

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

	Principal	Interest	Total
FY 2019	$ 340,053	$ 236,560	$ 576,613
FY 2020	351,790	224,922	576,712
FY 2021	358,802	213,204	572,006
FY 2022	376,101	201,744	577,845
FY 2023	383,698	190,191	573,889
FY 2024-2028	2,093,747	763,592	2,857,339
FY 2029-2033	2,454,319	369,337	2,823,656
FY 2034-2035	645,000	15,400	660,400
Total	$ 7,003,510	$ 2,214,950	$ 9,218,460

Lease Purchase Agreements

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purpose of 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 $432,886 at June 30, 2018. The principal balance outstanding at June 30, 2018, was $113,519.

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

	Principal	Interest	Total
FY 2019	$ 113,519	$ 4,183	$ 117,702
Total	$ 113,519	$ 4,183	$ 117,702

Early Retirement Bonus Payable

The District currently has twenty one 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.

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.
The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

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

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. 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 (AIR) for the SCHDTF.

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 provisions as of June 30, 2018- 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,	
	2018	2017
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[1]	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411[1]	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411[1]	5.50%	5.00%
	19.13%	18.63%

[1]Rates 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 $1,077,911 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $38,864,805 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, District's proportion was 0.12 percent, which was a decrease of 0.0007 from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized pension expense of $6,896,058. At June 30, 2018, 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	$ 714,558	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,526,256
Changes of assumptions or other inputs	9,923,633	62,975
Changes in proportion and differences between contributions recognized and proportionate share of contributions	40,371	171,679
Contributions subsequent to the measurement date	563,212	-
Total	$ 11,241,774	$ 1,760,910

$563,212 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, 2018. 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,	
2019	$ 6,026,426
2020	3,448,828
2021	16,575
2022	(574,183)
2023	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

A discount rate of 4.78 percent was used in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

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

Healthy post-retirement mortality assumptions reflect the RP-2014 White Collar Employee Mortality Table, adjusted as follows:

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

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

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

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

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

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

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	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 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 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 (3.78 percent) or 1-percentage-point higher (5.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	$ 49,092,859	$ 38,864,805	$ 30,530,109

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.

Changes Between the Measurement Date of the Net Pension Liability and June 30, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount on annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

At June 30, 2018, the District reported a liability of $38,864,805 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	$ 17,558,782

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate the proportionate share of the net pension liability, approximately $18,142,334 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were $58,210 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $887,508 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District proportion was .07 percent, which was a decrease of 0.0004 from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized OPEB expense of $10,198. At June 30, 2018, District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,197	$ -
Net difference between projected and actual earnings on OPEB plan investments	-	14,848
Changes of assumptions or other inputs	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions		4,512
Contributions subsequent to the measurement date	30,030	-
Total	$ 34,227	$ 19,360

$30,030 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	$ (3,774)
2020	(3,774)
2021	(3,774)
2022	(3,774)
2023	(62)
Thereafter	(6)

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent

PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

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

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

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

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

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

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.

- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.

- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.

- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity- Large Cap	21.20%	4.30%
U.S. Equity- Small Cap	7.42%	4.80%
Non U.S. Equity- Developed	18.55%	5.20%
Non U.S. Equity- Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	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 7.25%.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$ 863,089	$ 887,508	$ 916,919

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 997,838	$ 887,508	$ 793,338

OPEB plan fiduciary net position. Detailed information about the HCTF'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.

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.

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, 2018 program members contributed $43,510 for the Voluntary Investment Program.

NOTE 15 JOINT VENTURES AND RELATED PARTIES

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

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

San Luis Valley Board of Cooperative Educational Services (BOCES)

The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The Board of the BOCES is selected from the elected members of the District Boards. The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is approximately 7% at June 30, 2018. 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, 2017. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 16 COMMITMENTS AND CONTINGENCIES

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

NOTE 17 TABOR EMERGENCY RESERVE

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

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

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

NOTE 18 RISK MANAGEMENT

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

Self Insurance Funds

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

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

NOTE 19 PUPIL ACTIVITY AGENCY FUND BUDGET AND ACTUAL

The District is required by the Colorado School District Budget Law to budget for the District's Pupil Activity Agency Fund and the Ritchey Scholarship Fund. In accordance with GAAP, however, there is not a statement of revenues, expenses and changes in net position for agency funds to report the budget information, because agency funds do not recognize revenues, expenses or net position in accordance with GAAP. Therefore, the budget and actual amounts for agency funds received and disbursed for the year ended June 30, 2018, are presented below:

Pupil Activity Fund:

	Budget			
	Original	Final	Actual	Variance
Beginning Balance Pupil Activity Deposits	$ 135,000	$ 129,756	$ 129,756	$ -
Agency Fund Receipts	195,000	200,244	229,950	29,706
Agency Fund Disbursements	(330,000)	(330,000)	(231,423)	98,577
Ending Balance Pupil Activity Deposits	$ -	$ -	$ 128,283	$ 128,283

MONTE VISTA SCHOOL DISTRICT NO. 8

REQUIRED SUPPLEMENTARY INFORMATION

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

MONTE VISTA SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ 2,106,117	$ 2,208,805	$ 2,248,373	$ 39,568
Intermediate Sources	4,100	4,100	1,468	(2,632)
State Sources	7,419,576	7,737,062	7,364,825	(372,237)
Federal Sources	-	-	28,848	28,848
TOTAL REVENUES	9,529,793	9,949,967	9,643,514	(306,453)
EXPENDITURES				
Instructional Program	5,750,510	5,847,347	5,545,232	302,115
Student Supporting Services	469,963	478,992	467,166	11,826
Instructional Staff Supporting Services	121,985	132,936	191,986	(59,050)
General Administration Supporting Services	221,639	211,739	229,898	(18,159)
School Administration Supporting Services	894,314	916,203	810,362	105,841
Business Supporting Services	257,589	271,137	251,229	19,908
Operations and Maintenance of Plant Services	936,696	931,333	947,025	(15,692)
Student Transportation Services	305,905	305,905	335,653	(29,748)
Central Support Services	403,532	415,762	356,926	58,836
Community Services	-	84,220	58,176	26,044
Debt Service	117,747	117,747	117,744	3
Operating Reserves	424,989	424,989	-	424,989
TOTAL EXPENDITURES	9,904,869	10,138,310	9,311,397	826,913
Excess (Deficiency) of Revenues Over Expenditures	(375,076)	(188,343)	332,117	520,460
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(129,534)	(296,200)	(271,200)	25,000
TOTAL OTHER FINANCING SOURCES (USES)	(129,534)	(296,200)	(271,200)	25,000
Net Change in Fund Balance	(504,610)	(484,543)	60,917	545,460
Fund Balance, Beginning of Year	2,107,939	2,453,739	2,453,743	4
Fund Balance, End of Year	$ 1,603,329	$ 1,969,196	$ 2,514,660	$ 545,464

Notes To Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

MONTE VISTA SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROJECTS FUND

For the Year Ended June 30, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
State Sources	$ 134,486	$ 264,896	$ 226,112	$ (38,784)
Federal Sources	524,028	551,841	491,564	(60,277)
TOTAL REVENUES	658,514	816,737	717,676	(99,061)
EXPENDITURES				
Instructional Program	426,993	423,272	424,789	(1,517)
Student Supporting Services	84,760	147,002	74,129	72,873
Instructional Staff Supporting Services	132,356	226,056	192,885	33,171
General Administration Supporting Services	3,920	12,779	15,741	(2,962)
Business Supporting Services	2,998	2,998	3,562	(564)
Central Support Services	7,487	4,630	4,887	(257)
Community Services	-	-	1,683	(1,683)
TOTAL EXPENDITURES	658,514	816,737	717,676	99,061
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -	$ -

Notes To Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

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

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.1201888576%	0.1208740816%	0.1202021451%	0.1237180975%	0.1255667926%
District's proportionate share of the net pension liability (asset)	$ 38,864,805	$ 35,988,888	$ 18,384,069	$ 16,767,958	$ 16,016,010
District's covered payroll	$ 5,544,171	$ 5,453,729	$ 5,240,179	$ 5,182,899	$ 5,061,993
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	701%	660%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	44.0%	43.1%	59.2%	62.8%	64.1%

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

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

Notes to Required Supplementary Information:

See Note 12 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 1,077,911	$ 1,009,025	$ 951,302	$ 876,868	$ 821,580	$ 760,855	$ 745,120	$ 702,732	$ 684,396	$ 645,619
Contributions in relation to the contractually required contribution	(1,077,911)	(1,009,025)	(951,302)	(876,868)	(821,580)	(760,855)	(745,120)	(702,732)	(684,396)	(645,619)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	5,706,873	5,488,791	5,361,558	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 payroll	18.89%	18.38%	17.74%	16.88%	15.99%	15.08%	14.18%	13.80%	12.38%	11.48%

Notes to Required Supplementary Information:

See Note 12 in the accompanying Notes to the Basic Financial Statements for changes to assumptions or other inputs used.

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

	2018	2017
District's proportion of the net OPEB liability	0.0682908585%	0.0687072539%
District's proportionate share of the net OPEB liability (asset)	$ 887,508	$ 890,813
District's covered payroll	$ 5,544,171	$ 5,453,729
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	20.00%

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

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

Notes to Required Supplementary Information:
There have not been any changes in assumptions or other inputs.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 58,210	$ 55,986	$ 54,688	$ 52,971	$ 52,415	$ 51,454	$ 53,599	$ 51,939	$ 56,368	$ 67,352
Contributions in relation to the contractually required contribution	(58,210)	(55,986)	(54,688)	(52,971)	(52,415)	(51,454)	(53,599)	(51,939)	(56,368)	(67,352)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,706,873	$ 5,488,824	$ 5,361,569	$ 5,193,235	$ 5,138,725	$ 5,044,510	$ 5,254,804	$ 5,092,059	$ 5,526,275	$ 6,603,137
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Notes to Required Supplementary Information:

There have not been any changes in assumptions or other inputs.

MONTE VISTA SCHOOL DISTRICT NO. 8

SUPPLEMENTARY INFORMATION

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECTS FUND

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

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

MONTE VISTA SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE - BALANCE SHEET
June 30, 2018

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	
	PUPIL ACTIVITY FUND	FOOD SERVICE FUND	BUILDING FUND	TOTAL NONMAJOR FUNDS
ASSETS				
Cash and Cash Equivalents	$ (3,206)	$ 65,484	$ 528,162	$ 590,440
Due From Other Funds	-	32,774	26	32,800
Inventory	-	24,240	-	24,240
TOTAL ASSETS	$ (3,206)	$ 122,498	$ 528,188	$ 647,480
LIABILITIES AND FUND BALANCE				
Accounts Payable	$ -	$ 3,103	$ -	$ 3,103
Accrued Salaries and Benefits	-	33,368	-	33,368
TOTAL LIABILITIES	-	36,471	-	36,471
FUND BALANCE				
Nonspendable				
Inventory	-	24,240	-	24,240
Restricted				
BEST Capital Reserve Renewal	-	-	250,014	250,014
Bond Proceeds for Capital Construction	-	-	92,618	92,618
Committed				
Food Service	-	61,787	-	61,787
Capital Projects/Equipment	-	-	185,556	185,556
Unassigned	(3,206)	-	-	(3,206)
TOTAL FUND BALANCE	(3,206)	86,027	528,188	611,009
TOTAL LIABILITIES AND FUND BALANCE	$ (3,206)	$ 122,498	$ 528,188	$ 647,480

MONTE VISTA SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	TOTAL
	PUPIL ACTIVITY FUND	FOOD SERVICE FUND	BUILDING FUND	NONMAJOR FUNDS
REVENUES				
Local Sources	$ 53,059	$ 55,947	$ 6,563	$ 115,569
State Sources	-	11,540	-	11,540
Federal Sources	-	474,328	-	474,328
TOTAL REVENUES	53,059	541,815	6,563	601,437
EXPENDITURES				
Instructional Program	112,235	-	-	112,235
Facilities Acquisition and Construction Services	-	-	56,015	56,015
Food Services	-	516,937	-	516,937
TOTAL EXPENDITURES	112,235	516,937	56,015	685,187
Excess (Deficiency) of Revenues Over Expenditures	(59,176)	24,878	(49,452)	(83,750)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	54,200	-	217,000	271,200
TOTAL OTHER FINANCING SOURCES (USES)	54,200	-	217,000	271,200
Net Change in Fund Balance	(4,976)	24,878	167,548	187,450
Fund Balance, Beginning of Year	1,770	61,149	360,640	423,559
Fund Balance, End of year	$ (3,206)	$ 86,027	$ 528,188	$ 611,009

MONTE VISTA SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ 150,800	$ 169,030	$ 53,059	$ (115,971)
TOTAL REVENUES	150,800	169,030	53,059	(115,971)
EXPENDITURES				
Instructional Program	225,000	225,000	112,235	112,765
TOTAL EXPENDITURES	225,000	225,000	112,235	112,765
Excess (Deficiency) of Revenues Over Expenditures	(74,200)	(55,970)	(59,176)	(3,206)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	54,200	54,200	54,200	-
TOTAL OTHER FINANCING SOURCES (USES)	54,200	54,200	54,200	-
Net Change in Fund Balance	(20,000)	(1,770)	(4,976)	(3,206)
Fund Balance, Beginning of Year	20,000	1,770	1,770	-
Fund Balance, End of Year	$ -	$ -	$ (3,206)	$ (3,206)

MONTE VISTA SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources	$ 48,000	$ 48,000	$ 55,947	$ 7,947
State Sources	10,200	10,200	11,540	1,340
Federal Sources	424,500	440,352	474,328	33,976
TOTAL REVENUES	482,700	498,552	541,815	43,263
EXPENDITURES				
Supporting Services				
Food Services				
Salaries	174,176	174,176	177,609	(3,433)
Fringe Benefits	81,854	81,854	74,473	7,381
Purchased Professional Services	500	500	597	(97)
Purchased Property Services	2,000	2,000	587	1,413
Other Purchased Services	2,100	2,100	2,984	(884)
Travel	2,500	2,500	2,084	416
Food and Commodities	263,300	263,300	254,878	8,422
Facilities Acquisition and Construction Services	7,500	7,500	3,725	3,775
Operating Reserve	-	-	-	-
TOTAL EXPENDITURES	533,930	533,930	516,937	16,993
Excess (Deficiency) of Revenues Over Expenditures	(51,230)	(35,378)	24,878	60,256
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	25,000	25,000	-	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	25,000	25,000	-	(25,000)
Net Change in Fund Balance	(26,230)	(10,378)	24,878	35,256
Fund Balance, Beginning of Year	77,000	61,148	61,149	1
Fund Balance, End of Year	$ 50,770	$ 50,770	$ 86,027	$ 35,257

MONTE VISTA SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BUILDING FUND

For the Year Ended June 30, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ 3,000	$ 3,000	$ 6,563	$ 3,563
TOTAL REVENUES	3,000	3,000	6,563	3,563
EXPENDITURES				
Facilities Acquisition and Construction Services	-	238,471	56,015	182,456
Operating Reserves	406,155	345,155	-	345,155
TOTAL EXPENDITURES	406,155	583,626	56,015	527,611
Excess (Deficiency) of Revenues Over Expenditures	(403,155)	(580,626)	(49,452)	531,174
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	67,000	217,000	217,000	-
TOTAL OTHER FINANCING SOURCES (USES)	67,000	217,000	217,000	-
Net Change in Fund Balance	(336,155)	(363,626)	167,548	531,174
Fund Balance, Beginning of Year	336,155	363,626	360,640	(2,986)
Fund Balance, End of Year	$ -	$ -	$ 528,188	$ 528,188

MONTE VISTA SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BOND REDEMPTION FUND

For the Year Ended June 30, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Local Sources	$ 582,293	$ 582,293	$ 577,152	$ (5,141)
TOTAL REVENUES	582,293	582,293	577,152	(5,141)
EXPENDITURES				
Debt Service	662,606	662,606	577,205	85,401
Operating Reserves	819,159	857,290	-	857,290
TOTAL EXPENDITURES	1,481,765	1,519,896	577,205	942,691
Net Change in Fund Balance	(899,472)	(937,603)	(53)	937,550
Fund Balance, Beginning of Year	899,472	937,603	937,603	-
Fund Balance, End of Year	$ -	$ -	$ 937,550	$ 937,550

MONTE VISTA SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
INTERNAL SERVICE FUND
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
OPERATING REVENUES				
Premiums	$ 1,080,000	$ 1,080,000	$ 1,004,524	$ (75,476)
TOTAL OPERATING REVENUES	1,080,000	1,080,000	1,004,524	(75,476)
OPERATING EXPENSES				
Purchased Services	1,080,000	1,080,000	988,627	91,373
Operating Reserves	32,663	30,113	-	30,113
TOTAL OPERATING EXPENSES	1,112,663	1,110,113	988,627	121,486
Operating Income (Loss)	(32,663)	(30,113)	15,897	46,010
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-	-	-
Change in Net Position	(32,663)	(30,113)	15,897	46,010
Net Position, Beginning of Year	32,663	30,113	30,113	-
Net Position, End of Year	$ -	$ -	$ 46,010	$ 46,010

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, 2018

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Pass-through Grantor and Number*	*Federal Expenditures($)*
Child Nutrition Cluster			
United States Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education,4553	$ 185,369
Total School Breakfast Program			185,369
National School Lunch Program	10.555	Colorado Department of Human Services,4555	28,152
National School Lunch Program	10.555	Colorado Department of Education,4555	260,807
Total National School Lunch Program			288,959
Total Child Nutrition Cluster			474,328
Forest Service Schools and Roads Cluster			
United States Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury and Rio Grande County Treasurer,7665	12,674
Total Forest Service Schools and Roads Cluster			12,674
Total United States Department of Agriculture			487,002
Total All Clusters			487,002
Other Programs			
Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education,4010	300,155
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education,5010	79,546
Total Title I Grants to Local Educational Agencies			379,701
Career and Technical Education -- Basic Grants to States	84.048	Colorado Department of Education and Trinidad State Junior College,4048	16,174
Total Career and Technical Education -- Basic Grants to States			16,174
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education,4424	9,445
Total Student Support and Academic Enrichment Program			9,445
Rural Education	84.358	Colorado Department of Education,6358	2,308
Rural Education	84.358	Colorado Department of Education,7358	26,670
Total Rural Education			28,978
Special Education - State Personnel Development	84.323	Colorado Department of Education,5323	4,624
Total Special Education - State Personnel Development			4,624

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Pass-through Grantor and Number*	*Federal Expenditures($)*
English Language Acquisition State Grants	84.365	Colorado Department of Education,4365	6,748
Total English Language Acquisition State Grants			6,748
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education,4367	61,332
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			61,332
Race to the Top- Early Childhood Readiness Assessment	84.412	Colorado Department of Education,5412	736
Total Race to the Top- Early Childhood Readiness Assessment			736
Total Department of Education			507,738
Total Other Programs			507,738
Total Expenditures of Federal Awards			$ 994,740

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Monte Vista School District No. 8, it is not intended to and does not present the financial position or changes in net position of Monte Vista School District No. 8.

NOTE 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Monte Vista School District No. 8 did not elect to use the 10-percent de mininis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2018. In addition, the District did not pass-through federal funds to subrecipients.

NOTE 3: FOOD DISTRIBUTION

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

Wall, Smith, Bateman Inc.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monte Vista School District No. 8 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 06, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 06, 2018

Wall,
Smith,
Bateman Inc.

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

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

Report on Compliance for Each Major Federal Program

We have audited Monte Vista School District No. 8's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Monte Vista School District No. 8 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Certified Public Accountants

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2018-001, that we consider to be a significant deficiency.

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 06, 2018

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______yes ___X___no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? ______yes ___X___none reported
- Noncompliance material to financial statements noted? ______yes ___X___no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______yes ___X___no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? ___X___yes ________none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ___X___yes ________no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as a low-risk auditee? ___X___yes _______no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

Finding 2018-001: **Title I Grants to Local Educational Agencies, CFDA No. 84.010**
U.S. Department of Education
(Repeat of Finding 2017-001)

Passed through Colorado Department of Education

Compliance Requirements: Reporting

Grant No.: 5010

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

Condition: The Connect for Success grant annual financial report was not filed timely.

Cause: The District was unaware of the requirement to file an annual financial report.

Criteria: The receipt of federal funding requires timely submission of status and annual financial reports.

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

Recommendation: The District should strengthen its internal controls with adopted policies and procedures to ensure compliance with federal program requirements.

Grantee's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

Finding 2017-001: 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, Allowable Costs/Cost Principles

Grant No.: 4010 and 5010

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

Condition: The Title I, Part A grant annual financial report was not filed timely. In addition, semi-annual time and effort certifications were not maintained for the first six months of the fiscal year.

Cause: The District experienced turnover in the Grant Coordinator position.

Status: Partially Implemented. (See Finding 2018-001.)

MONTE VISTA SCHOOL DISTRICT

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

CORRECTIVE ACTION PLAN

Oversight Agencies - U.S. Department of Education

Monte Vista School District No. 8 respectfully submits the following corrective action plan for the year ended June 30, 2018.

Independent Accountants:	Wall, Smith, Bateman Inc. Certified Public Accountants 700 Main Street, Suite 200, P.O. Box 809 Alamosa, CO 81101
Audit period:	Year ended June 30, 2018

The findings from the June 30, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section III – Federal Award Findings and Questioned Costs

Finding 2018-001: **Title I Grants to Local Educational Agencies, CFDA No. 84.010**
U.S. Department of Education
(Repeat of Finding 2017-001)

Passed through Colorado Department of Education

Compliance Requirements: Reporting

Grant No.: 5010

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

Recommendation: The District should strengthen its internal controls with adopted policies and procedures to ensure compliance with federal program requirements.

Action Taken:

- Maintain a District reporting calendar/notifications to align with CDE reporting deadlines.
- Request reporting notification emails from CDE to be sent to the Superintendent, Special Projects Manager, and the Accounting/Risk Manager.
- Establish quarterly meetings between the Superintendent, Special Projects Manager, and Accounting/Risk Manager to discuss reporting timelines.

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

Sincerely yours,

Dr. Robert Webb
Superintendent
Monte Vista School District No. 8

Leona Holland
Accounting/Risk Manager
Monte Vista School District No. 8

Robert Webb
Superintendent

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MONTE VISTA SCHOOL DISTRICT NO. 8

CDE COMPLIANCE SECTION

Colorado Department of Education

Auditors Integrity Report

District: 2740 - MONTE VISTA C-8

Fiscal Year 2017-18

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental				
10 General Fund	2,445,800	9,082,227	9,021,993	2,506,034
18 Risk Mgmt Sub-Fund of General Fund	7,940	118,003	117,317	8,626
19 Colorado Preschool Program Fund	0	172,084	172,084	0
Sub- Total	2,453,740	9,372,314	9,311,394	2,514,660
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	61,148	541,814	516,936	86,027
22 Govt Designated-Purpose Grants Fund	0	717,675	717,675	0
23 Pupil Activity Special Revenue Fund	1,770	107,258	112,235	-3,206
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	937,603	577,152	577,205	937,550
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	360,640	223,563	56,015	528,188
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,814,901	11,539,776	11,291,460	4,063,217
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	30,113	0	-15,897	46,010
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	30,113	0	-15,897	46,010
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	129,756	229,950	231,423	128,283
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	129,756	229,950	231,423	128,283

FINAL