

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

FINANCIAL STATEMENTS

June 30, 2021



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

MONTE VISTA SCHOOL DISTRICT NO. 8

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monte Vista School District No. 8 (the District), as of and for the year ended June 30, 2021, 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, 2021, and the respective changes in financial

Certified Public Accountants

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 1, 2021

**Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021**

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, 2021. 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, 2021, are as follows:

- In total, net position for the District is \$8,438,602, an increase of \$5,363,680. The increase is a result of changes to reporting requirements as required by *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date*. This statement revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The pension adjustment for FY2021 was \$(4,552,764), the OPEB (Other Post-Employment Benefits) was \$(54,019).
- General Revenues accounted for \$10,466,041 in revenue or 78% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$2,941,094 or 22% of total revenues of \$13,407,135.
- The District had \$8,043,455 in expenses related to governmental activities. Of these expenses \$2,941,094 were offset by program specific charges for services, grants, and contributions.

Governmental Funds

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

- The General Fund had \$10,648,423 in revenues and \$9,139,468 in expenditures. The General Fund's fund balance increased \$1,266,555 to \$4,439,947 from \$3,173,392 in 2019-2020. A portion of the ending fund balance was set aside to meet other obligations as follows:

| | |
|----------------------|---|
| Restricted: | |
| TABOR 3% Reserve | \$ 345,902 |
| Committed: | |
| Multi-year Contracts | 113,558 |
| Insurance Reserve | 12,654 |
| Assigned: | |
| Pupil Count Audit | 60,000 |
| Designated: | |
| Subsequent years | 0 |
| Unassigned: | |
| Total Fund Balance | <u>3,907,833</u> <u>\$ 4,439,947</u> |

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021

- 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 2021, the District expended \$1,725,954.
- The Bond Redemption Fund had revenues from property taxes and earnings on investments of \$588,502 and debt service payments of \$572,755. The fund balance increased by \$15,747 to \$952,564. The District passed a bond issue in November 2008 for \$8.4 million. As of June 30, 2021, a total of \$8,397,301 of the \$8.4 million has been sold. The mill levies of 11.300 mills reflected the funding needed to meet the new obligations. The current fund balance is adequate to meet the current obligations of the bond issue.

Business-Type Fund

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

Overview of the Financial Statements

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

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

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

Monte Vista School District C-8 Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2021

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021

- *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 2022. 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 2022.

**Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021**

**Table I
Condensed Statement of Net Position
As of June 30, 2021**

| | <u>Governmental Activities</u> | | <u>% Change</u> |
|--|--------------------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2021</u> | |
| Assets | | | |
| Current Assets | \$ 7,329,777 | \$ 7,816,757 | 6.64% |
| Capital Assets | 30,565,862 | 29,519,548 | -3.42% |
| Total Assets | <u>37,895,639</u> | <u>37,336,305</u> | <u>-1.48%</u> |
| Deferred Outflows of Resources | | | |
| Bond Refunding | 308,088 | 269,577 | -12.50% |
| Pension | 1,928,164 | 4,540,643 | 135.49% |
| OPEB | 52,977 | 48,501 | -8.45% |
| Total Deferred Outflows of Res. | <u>2,289,229</u> | <u>4,858,721</u> | |
| Liabilities | | | |
| Current Liabilities | 2,841,205 | 2,006,771 | -29.37% |
| Long-Term Liabilities | 23,431,925 | 24,151,111 | 3.07% |
| Total Liabilities | <u>26,273,130</u> | <u>26,157,882</u> | <u>-0.44%</u> |
| Deferred Inflows of Resources | | | |
| Pension | 10,649,205 | 7,312,625 | -31.33% |
| OPEB | 147,391 | 242,144 | 64.29% |
| Unavailable Revenue - Property Tax | 40,220 | 43,773 | 8.83% |
| Total Deferred Inflows of Resources | <u>10,836,816</u> | <u>7,598,542</u> | <u>-29.88%</u> |
| Net Position | | | |
| Net Investment in | | | |
| Capital Assets | 23,636,629 | 23,105,456 | -2.25% |
| Restricted | 1,753,350 | 1,827,435 | 4.23% |
| Unrestricted | (22,315,057) | (16,494,289) | -26.08% |
| Total Net Position | <u>\$ 3,074,922</u> | <u>\$ 8,438,602</u> | <u>174.43%</u> |

The effect of the PERA pension and OPEB on the District's total net position for the Fiscal Year 2020 and 2021 is summarized below:

| | Fiscal Year 2021 | Fiscal Year 2020 |
|---|----------------------|----------------------|
| Net Position (GAAP Basis) | \$ 8,438,602.00 | \$ 3,074,922.00 |
| GASB 68 - Pension | 20,093,503.00 | 24,646,267.00 |
| GASB 75 - OPEB | 823,449.00 | 877,468.00 |
| Net Position Excluding Pension and OPEE | <u>29,355,554.00</u> | <u>28,598,657.00</u> |

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

| | Fiscal Year 2021 | Fiscal Year 2020 |
|---|---------------------|---------------------|
| Net Position (GAAP Basis) | \$ (16,494,289.00) | \$ (22,315,058.00) |
| GASB 68 - Pension | 20,093,503.00 | 24,646,267.00 |
| GASB 75 - OPEB | 823,449.00 | 877,468.00 |
| Net Position Excluding Pension and OPEE | <u>4,422,663.00</u> | <u>3,208,677.00</u> |

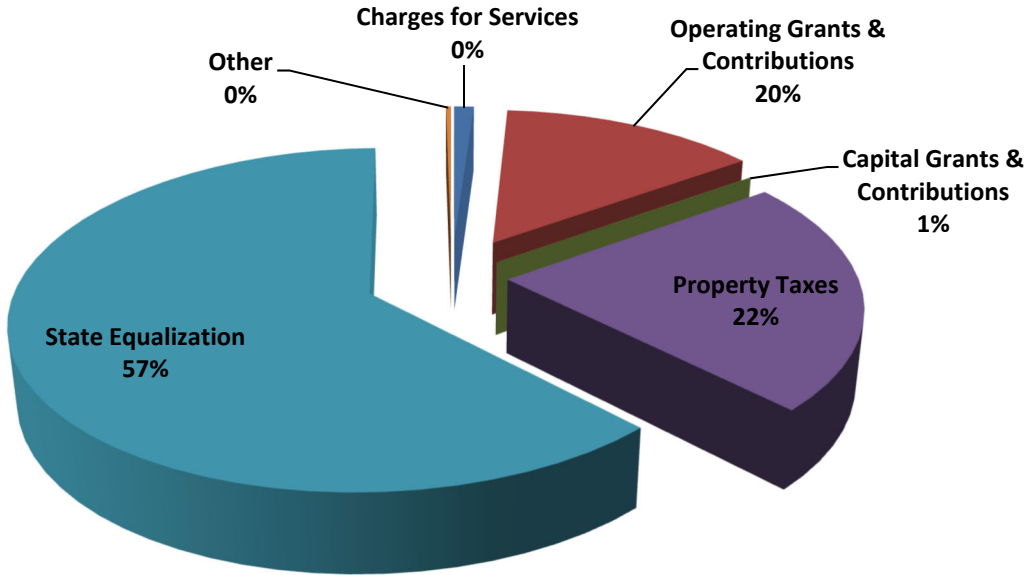
**Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021**

**Table II
Condensed Statement of Changes in Net Position
Fiscal Year 2021**

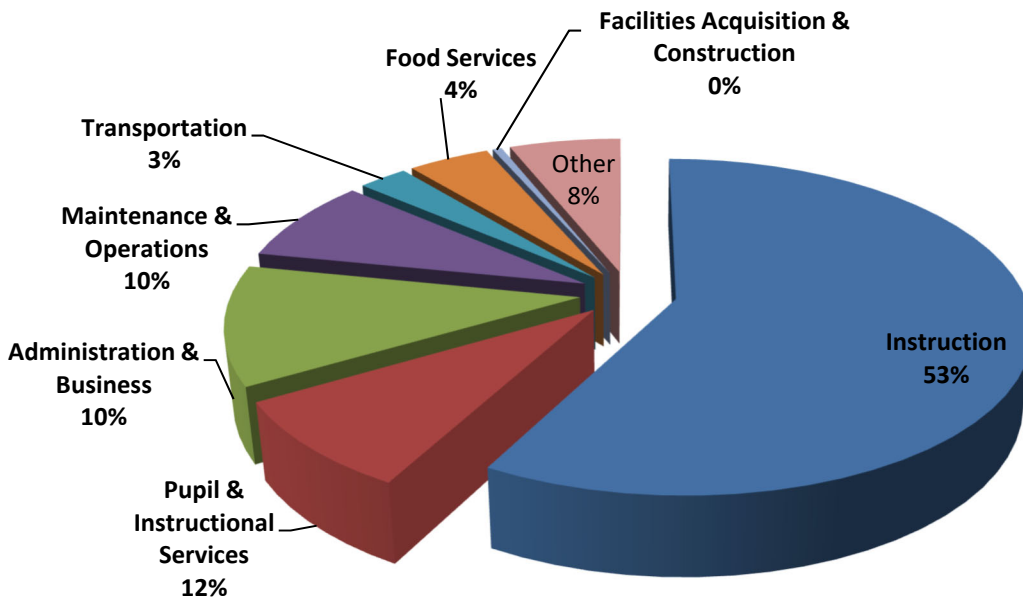
| | <u>Governmental Activities</u> | | <u>% Change</u> |
|--|--------------------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2021</u> | |
| Revenue | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 70,554 | \$ 31,564 | -55.26% |
| Operating Grants & Contributions | 2,013,560 | 2,732,067 | 35.68% |
| Capital Grants & Contributions | 229,992 | 177,463 | -22.84% |
| General Revenues: | | | |
| Property Taxes | 2,703,358 | 2,843,500 | 5.18% |
| State Equalization | 7,960,676 | 7,591,819 | -4.63% |
| Other | 80,640 | 30,722 | -61.90% |
| Total Revenues | 13,058,780 | 13,407,135 | 2.67% |
| Expenses | | | |
| Instruction | 6,001,261 | 4,279,231 | -28.69% |
| Pupil & Instructional Services | 959,453 | 962,097 | 0.28% |
| Administration & Business | 1,124,930 | 754,507 | -32.93% |
| Maintenance & Operations | 956,574 | 842,622 | -11.91% |
| Transportation | 286,981 | 228,430 | -20.40% |
| Food Services | 471,311 | 326,868 | -30.65% |
| Facilities Acquisition & Construction | - | - | |
| Other | 676,810 | 649,700 | -4.01% |
| Total Expenses | 10,477,320 | 8,043,455 | -23.23% |
| Increase (Decrease) in Net Position | 2,581,460 | 5,363,680 | 107.78% |
| Net Position, Beginning of Year, As | 368,059 | 3,074,922 | 735.44% |
| Change in Accounting Principal | 125,403 | - | -100.00% |
| Net Position, Beginning of Year, Restated | 493,462 | 3,074,922 | 523.13% |
| Ending Net Position | \$ 3,074,922 | \$ 8,438,602 | 174.43% |

**Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021**

2020-2021 REVENUES - GOVERNMENT WIDE



2020-2021 EXPENDITURES - GOVERNMENT WIDE



Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021

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 \$3,907,833. The Tax Payer Bill of Rights (TABOR) Reserve, required by state statute was \$345,902. This reserve is based on 3% of specific revenue sources. The District's TABOR Reserve is held in cash with C Safe.

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA, total program funding was \$9,508 per student or \$10,877,471. This is an increase of \$166 or 1.7% over the previous year. The total program funding was then adjusted by the "Budget Stabilization Factor" of 14% or \$1,389,061, reducing the actual funding by about \$1,214 per student. The funded pupil count for fiscal year 2021 was 1,144. The District's funded pupil count was slightly lower than the prior year. Funding for the SFA comes from property taxes, specific ownership tax and state equalization.

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

Table III
Cost of Services – Governmental Activities
Fiscal Year 2021

| | Total Cost of Services | | Net Cost of Services | |
|--------------------------------|-------------------------------|---------------------|-----------------------------|---------------------|
| | 2020 | 2021 | 2020 | 2021 |
| Instruction | \$ 6,001,261 | \$ 4,279,231 | \$ 4,726,156 | \$ 2,109,597 |
| Pupil & Instructional Services | 959,453 | 962,097 | 523,984 | 696,794 |
| Administration & Business | 1,124,930 | 754,507 | 1,103,280 | 754,507 |
| Maintenance & Operations | 956,574 | 842,622 | 948,123 | 842,622 |
| Transportation | 286,981 | 228,430 | 240,217 | 185,837 |
| Food Services | 471,311 | 326,868 | (52,735) | (136,696) |
| Facilities Acquisiton & Constr | - | - | - | - |
| Other | 676,810 | 649,700 | 674,186 | 649,700 |
| Total Expenses | \$ 10,477,320 | \$ 8,043,455 | \$ 8,163,211 | \$ 5,102,361 |

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021

General Fund Budgetary Highlights

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

The original 2020-2021 adopted General Fund budget was amended in January 2021, for the following reasons:

- The adopted budget for 2020-2021 reflected an estimated funded pupil count of 1133, while the actual funded pupil count was 1144 an increase of 11. The revised budget in January 2021 included an adjustment to equalization, reflecting an increase in funded pupil count of \$327,532.
- The audited beginning fund balance increase of \$473,392 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 FY21 ending fund balances and final numbers for grant funds.

The Monte Vista School Board approved the following supplemental budgets:

- Supplemental budget for the Projects Fund was approved in May 2021, to account for an EASI Grant received for the BSDELTA Center in the amount of \$6,084.00.
- Supplemental budget for General Fund was approved in May 2021, to record the Prop EE-Small/Rural Schools allocation of \$159,070.27

District General Fund expenditures were lower than total budgeted expenditures by \$1,858,124, as is reflected in the budgeted carryover of \$4,439,947.

**Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021**

Capital Assets and Debt Administration

Capital Assets

On June 30, 2021, the District had \$29,519,548 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, 2021
(Net of Depreciation)**

| | <u>Governmental Activities</u> | | <u>% Change</u> |
|--------------------------------------|--------------------------------|----------------------|---------------------|
| | <u>2020</u> | <u>2021</u> | |
| Sites | \$ 258,329 | \$ 258,329 | 0.00% |
| Site Improvements - Inexhaustible | 2,532,852 | 2,532,852 | 0.00% |
| Land Improvements | 3,718,696 | 3,555,384 | -4.39% |
| Buildings | 23,562,828 | 22,595,401 | -4.11% |
| Equipment | 269,298 | 296,431 | 10.08% |
| Vehicles | 223,859 | 187,700 | -16.15% |
| Construction in Progress | - | 93,451 | 0.00% |
| Totals | <u>\$ 30,565,862</u> | <u>\$ 29,519,548</u> | <u>-3.42%</u> |

Long-Term Debt

At June 30, 2021, the District had \$6,769,720 in total long-term debt. Of this amount \$569,936 is due within one year. Table V details the outstanding debt and the portion due within one year for the District. Compensated absences of \$319,653, 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, 2021**

| | <u>2020</u> | | <u>2021</u> | |
|--------------------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
| | <u>Due Within One Year</u> | <u>Total Debt</u> | <u>Due Within One Year</u> | <u>Total Debt</u> |
| General Obligation Bonds | \$ 358,802 | \$ 6,311,667 | \$ 376,101 | \$ 5,952,865 |
| Lease Purchase Agreements | 115,927 | 285,609 | 118,902 | 169,682 |
| Early Retirement Bonus Payable | 62,691 | 77,900 | 34,521 | 35,975 |
| Compensated Absences Payable | 3,840 | 298,184 | - | 319,653 |
| Bond Premium | 40,412 | 331,957 | 40,412 | 291,545 |
| Totals | <u>\$ 581,672</u> | <u>\$ 7,305,317</u> | <u>\$ 569,936</u> | <u>\$ 6,769,720</u> |

On October 7, 2010, the District issued general obligation bonds series 2010 in the amount of \$1,645,000 with an average interest rate of 4.76%. The principal balance outstanding at June 30, 2017, was \$205,000. On December 16, 2010, the District issued general obligation bonds series

Monte Vista School District C-8
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021

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, 2021, was \$0.

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, 2021, was \$2,242,865.

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, 2021, was \$3,710,000.

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purpose of upgrading the District's facilities lighting. The lease, dated September 13, 2018, was for \$203,100 with an interest rate of 3.3%. The lease has a term of 3 annual payments from the Building Fund, with final payment due on November 1, 2021. The cost of the project was \$284,776 and accumulated depreciation was \$29,669 at June 30, 2021. The principal balance outstanding at June 30, 2021, was \$69,910.

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purpose of upgrading the Activity Bus. The lease, dated June 20, 2019, was for \$157,903.62 with an interest rate of 3.651%. The lease has a term of 3 annual payments from the General Fund, with final payment due on July 1, 2022. The cost of the bus was \$148,023.42 and accumulated depreciation was \$20,559 at June 30, 2021. The principal balance outstanding at June 30, 2021, was \$99,772.

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 fluctuating enrollment since fiscal year 2000. The School Finance Act, as changed in 2008, averages student counts for the previous four years plus the current year to determine the *funded pupil count (FPC)*. In years prior to 2015-16 the District used the averaging method, However, in the past three years it was once again advantageous for the District to use the actual FTE. The actual FTE for 2020-2021 is 1144. The downward trend in current FTE numbers is an indication that the District may once again benefit from using the averaging method.
- 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

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Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021**

Stabilization Factor (BS). The BS factor in, FY 2015-16 11.51%, FY 2016-17 11.83%, FY 2017-18 was 11.04%, FY 2018-2019 was 9%, and FY 2019-2020 was 7%.

- 2020-2021 funding has been directly affected by the economic impacts of COVID-19 in Colorado. Annually State Equalization for the Monte Vista School District is lowered by approximately 7% due to the State Budget Stabilization Factor. However, for the 2020-21 FY the Budget Stabilization Factor was increased to 14%, resulting in a loss from total program of 1,515,137.95. We are aware that the long-term effects of COVID-19 will require diligence in the use of General Fund balance to meet expense obligations in 2021-22 and 2022-23.
- Due to the projected economic impacts of COVID19, the BS factor for FY 2020-2021 was increased to 14%. The accumulated impact of the BS factor has a direct impact on the district's capacity to retain some high-quality staff; delayed some needed major repairs; and purchase adequate instructional support materials.
- Professional level staffing continues to be a major concern due to extreme teacher shortages locally and statewide. The ability to attract just applicants for some historically easy to fill positions is extremely difficult, primarily due to the impact of the BS factor. Additionally, the Colorado retirement system proposed changes will put additional pressure on the district resources to meet the statutory funding obligations, which, short of additional state revenue, will further erode local instructional support resources.
- The District did receive Emergency Federal Funding during the 2020-2021 related to the COVID19 pandemic. These funds were used to facilitate the hybrid learning environment and increase staff to keep class sizes to help limit exposures and quarantine numbers.

| | |
|----------------------------|-----------|
| COVID Relief Fund (CRF) | \$757,804 |
| COVID Relief Fund- At Risk | \$ 26,025 |
| ESSER I | \$184,879 |

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
STATEMENT OF NET POSITION
June 30, 2021

| | Primary Government Governmental Activities |
|---|---|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 7,244,930 |
| Accounts Receivable | 164,216 |
| Property Tax Receivable | 43,772 |
| Due from Other Governments | 342,574 |
| Inventories | 21,265 |
| Total Current Assets | 7,816,757 |
| Noncurrent Assets | |
| Capital Assets | |
| Land | 258,329 |
| Site Improvements | 2,532,852 |
| Land Improvements | 5,096,049 |
| Buildings | 37,480,324 |
| Equipment | 2,066,747 |
| Vehicles | 1,090,528 |
| Construction in Progress | 93,451 |
| Less Accumulated Depreciation | (19,098,732) |
| Total Noncurrent Assets | 29,519,548 |
| TOTAL ASSETS | 37,336,305 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Bond Refunding | 269,577 |
| Pension | 4,540,643 |
| OPEB | 48,501 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 4,858,721 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 176,958 |
| Accrued Salaries and Benefits | 1,159,077 |
| Unearned Grant Revenue | 100,800 |
| Premium on Issuance of Bonds | 40,412 |
| Lease Purchase Agreement | 118,902 |
| General Obligation Bonds | 376,101 |
| Early Retirement Bonus | 34,521 |
| Total Current Liabilities | 2,006,771 |
| Noncurrent Liabilities | |
| Premium on Issuance of Bonds | 251,133 |
| Lease Purchase Agreement | 50,780 |
| General Obligation Bonds | 5,576,764 |
| Early Retirement Bonus | 1,454 |
| Compensated Absences | 319,653 |
| Pension Liability | 17,321,521 |

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

MONTE VISTA SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

| | Primary Government Governmental Activities |
|--|---|
| OPEB Liability | 629,806 |
| Total Noncurrent Liabilities | 24,151,111 |
| TOTAL LIABILITIES | 26,157,882 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension | 7,312,625 |
| OPEB | 242,144 |
| Deferred Revenue - Property Tax | 43,773 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 7,598,542 |
| NET POSITION | |
| Net Investment in Capital Assets | 23,105,456 |
| Restricted for | |
| Debt Service | 952,564 |
| TABOR | 345,902 |
| BEST Capital Renewal Reserve | 442,014 |
| Bond Proceeds for Capital Construction | 86,955 |
| Unrestricted | (16,494,289) |
| TOTAL NET POSITION | \$ 8,438,602 |

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

MONTE VISTA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--|---------------------|-------------------------------------|---|---|---|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Revenues and Changes in Net Position |
| | | | | | Primary Government |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| Instructional Program | \$ 4,279,231 | \$ 9,891 | \$ 1,989,205 | \$ 170,538 | \$ (2,109,597) |
| Student Supporting Services | 698,548 | 15,439 | 249,864 | - | (433,245) |
| Instructional Staff Supporting Services | 263,549 | - | - | - | (263,549) |
| General Administration Supporting Services | 186,350 | - | - | - | (186,350) |
| School Administration Supporting Services | 416,661 | - | - | - | (416,661) |
| Business Supporting Services | 151,496 | - | - | - | (151,496) |
| Operations and Maintenance of Plant Services | 842,622 | - | - | - | (842,622) |
| Student Transportation Services | 228,430 | - | 42,593 | - | (185,837) |
| Central Supporting Services | 385,153 | - | - | - | (385,153) |
| Community Services | 41,671 | - | - | - | (41,671) |
| Food Services | 326,868 | 6,234 | 450,405 | 6,925 | 136,696 |
| Interest on Long-term Debt | 222,876 | - | - | - | (222,876) |
| Total Governmental Activities | <u>8,043,455</u> | <u>31,564</u> | <u>2,732,067</u> | <u>177,463</u> | <u>(5,102,361)</u> |
| Total Primary Government | <u>\$ 8,043,455</u> | <u>\$ 31,564</u> | <u>\$ 2,732,067</u> | <u>\$ 177,463</u> | <u>(5,102,361)</u> |
| General Revenues | | | | | |
| Taxes | | | | | |
| General Property Taxes - Net | | | | | 2,448,811 |
| Specific Ownership Taxes | | | | | 362,602 |
| Other Taxes | | | | | 32,087 |
| State Equalization | | | | | 7,591,819 |
| Interest on Investments | | | | | 11,406 |
| Miscellaneous | | | | | 19,316 |
| Total General Revenues | | | | | <u>10,466,041</u> |
| Change in Net Position | | | | | 5,363,680 |
| Net Position, Beginning of Year | | | | | <u>3,074,922</u> |
| Net Position, End of Year | | | | | <u>\$ 8,438,602</u> |

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

MONTE VISTA SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

| | <u>GENERAL FUND</u> | <u>PROJECTS FUND</u> | <u>BOND REDEMPTION FUND</u> |
|--|-------------------------|--------------------------|-------------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 5,348,315 | \$ 45,019 | \$ 924,872 |
| Accounts Receivable | 136,523 | - | 27,693 |
| Property Tax Receivable | 42,174 | - | 1,598 |
| Due from Other Governments | 26,025 | 270,026 | - |
| Due from Other Funds | 180,702 | - | - |
| Inventory | - | - | - |
| TOTAL ASSETS | <u>\$ 5,733,739</u> | <u>\$ 315,045</u> | <u>\$ 954,163</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 165,567 | \$ 937 | \$ - |
| Due to Other Funds | - | 180,602 | - |
| Unearned Grant Revenue | 72,995 | 27,805 | - |
| Accrued Salaries and Benefits | 1,013,056 | 105,701 | - |
| TOTAL LIABILITIES | <u>1,251,618</u> | <u>315,045</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Revenue - Property Tax | 42,174 | - | 1,599 |
| FUND BALANCE | | | |
| Nonspendable | | | |
| Inventory | - | - | - |
| Restricted | | | |
| TABOR 3% Reserve | 345,902 | - | - |
| BEST Capital Reserve Renewal | - | - | - |
| Debt Service | - | - | 952,564 |
| Bond Proceeds for Capital Construction | - | - | - |
| Committed | | | |
| Multi-Year Contracts | 113,558 | - | - |
| Pupil Activities | - | - | - |
| Insurance Reserve | 12,654 | - | - |
| Food Service | - | - | - |
| Capital Projects/Equipment | - | - | - |
| Assigned | | | |
| Pupil Count Audit | 60,000 | - | - |
| Unassigned | 3,907,833 | - | - |
| TOTAL FUND BALANCE | <u>4,439,947</u> | <u>-</u> | <u>952,564</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 5,733,739</u> | <u>\$ 315,045</u> | <u>\$ 954,163</u> |

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

MONTE VISTA SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

| TOTAL NONMAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------------------|---|
| \$ 862,708 | \$ 7,180,914 |
| - | 164,216 |
| - | 43,772 |
| 46,523 | 342,574 |
| - | 180,702 |
| 21,265 | 21,265 |
| \$ 930,496 | \$ 7,933,443 |
| | |
| \$ 10,454 | \$ 176,958 |
| - | 180,602 |
| - | 100,800 |
| 40,320 | 1,159,077 |
| 50,774 | 1,617,437 |
| - | 43,773 |
| | |
| 21,265 | 21,265 |
| - | 345,902 |
| 442,014 | 442,014 |
| - | 952,564 |
| 86,955 | 86,955 |
| - | 113,558 |
| 168,516 | 168,516 |
| - | 12,654 |
| 87,247 | 87,247 |
| 73,725 | 73,725 |
| - | 60,000 |
| - | 3,907,833 |
| 879,722 | 6,272,233 |
| \$ 930,496 | \$ 7,933,443 |

MONTE VISTA SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2021

| | |
|---|-----------------------------------|
| Total governmental fund balances | \$ 6,272,233 |
| 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. | 29,519,548 |
| 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 | 4,589,144 |
| Deferred results of bond refunding | 269,577 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | |
| General Obligation Bonds | \$ (5,952,865) |
| Lease Purchase Agreements | (169,682) |
| Early Retirement Bonus Payable | (35,975) |
| Compensated Absences | <u>(319,653)</u> |
| | (6,478,175) |
| 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 | (291,545) |
| Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds. | (17,951,327) |
| Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds. | (7,554,769) |
| Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the health insurance internal service fund are included in governmental activities in the statement of net position. | <u>63,916</u> |
| Net position of governmental activities | <u><u>\$ 8,438,602</u></u> |

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, 2021

| | GENERAL FUND | PROJECTS FUND | BOND REDEMPTION FUND |
|---|-------------------------|--------------------------|-------------------------------------|
| REVENUES | | | |
| Local Sources | \$ 2,516,278 | \$ - | \$ 588,502 |
| Intermediate Sources | 9,926 | - | - |
| State Sources | 7,941,467 | 274,499 | - |
| Federal Sources | 59,552 | 1,451,455 | - |
| TOTAL REVENUES | 10,527,223 | 1,725,954 | 588,502 |
| EXPENDITURES | | | |
| Instructional Program | 5,200,053 | 982,013 | - |
| Student Supporting Services | 524,792 | 345,244 | - |
| Instructional Staff Supporting Services | 104,015 | 390,999 | - |
| General Administration Supporting Services | 242,542 | 4,498 | - |
| School Administration Supporting Services | 829,349 | - | - |
| Business Supporting Services | 255,051 | 3,200 | - |
| Operations and Maintenance of Plant Services | 950,697 | - | - |
| Student Transportation Services | 264,770 | - | - |
| Central Supporting Services | 409,391 | - | - |
| Community Services | 110,108 | - | - |
| Food Services | - | - | - |
| Facilities Acquisition and Construction Services | 123,850 | - | - |
| Debt Service | 124,850 | - | 572,755 |
| TOTAL EXPENDITURES | 9,139,468 | 1,725,954 | 572,755 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,387,755 | - | 15,747 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from Other Funds | - | - | - |
| Transfers to Other Funds | (121,200) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (121,200) | - | - |
| Net Change in Fund Balance | 1,266,555 | - | 15,747 |
| Fund Balance, Beginning of Year | 3,173,392 | - | 936,817 |
| Fund Balance, End of Year | \$ 4,439,947 | \$ - | \$ 952,564 |

MONTE VISTA SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2021

| TOTAL NONMAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|----------------------------|--------------------------------|
| \$ 108,126 | \$ 3,212,906 |
| - | 9,926 |
| 8,208 | 8,224,174 |
| 449,122 | 1,960,129 |
| 565,456 | 13,407,135 |
| 155,157 | 6,337,223 |
| - | 870,036 |
| - | 495,014 |
| - | 247,040 |
| - | 829,349 |
| - | 258,251 |
| - | 950,697 |
| - | 264,770 |
| - | 409,391 |
| - | 110,108 |
| 450,538 | 450,538 |
| 73,796 | 197,646 |
| - | 697,605 |
| 679,491 | 12,117,668 |
| (114,035) | 1,289,467 |
| 121,200 | 121,200 |
| - | (121,200) |
| 121,200 | - |
| 7,165 | 1,289,467 |
| 872,557 | 4,982,766 |
| \$ 879,722 | \$ 6,272,233 |

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, 2021

Net change in fund balances - total governmental funds \$ 1,289,467

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 | \$ 215,739 | |
| Depreciation expense | <u>(1,262,053)</u> | (1,046,314) |

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 | 358,802 | |
| Principal payment on lease purchase agreement | 115,927 | |
| Bond premium amortization | 40,412 | |
| Deferred charge on refunding | <u>(38,511)</u> | 476,630 |

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 | (21,469) | |
| Early retirement bonus payable | <u>41,925</u> | 20,456 |

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. 16,658

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. 4,606,783

Change in net position of governmental activities \$ 5,363,680

MONTE VISTA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2021

| | <u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u> |
|-------------------------------|--|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 64,016 |
| Total Current Assets | <u>64,016</u> |
| TOTAL ASSETS | <u>64,016</u> |
| LIABILITIES | |
| Current Liabilities | |
| Due to Other Funds | <u>100</u> |
| TOTAL LIABILITIES | <u>100</u> |
| NET POSITION | |
| Unrestricted | <u>63,916</u> |
| TOTAL NET POSITION | <u><u>\$ 63,916</u></u> |

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, 2021

| | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND |
|---|--|
| OPERATING REVENUES | |
| Insurance Premiums | \$ 1,081,049 |
| Total Operating Revenues | 1,081,049 |
| OPERATING EXPENSES | |
| Purchased Services | 1,064,391 |
| Total Operating Expenses | 1,064,391 |
| Operating Income (Loss) | 16,658 |
| NONOPERATING REVENUES (EXPENSES) | - |
| Change in Net Position | 16,658 |
| Net Position, Beginning of Year | 47,258 |
| Net Position, End of Year | \$ 63,916 |

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, 2021

| | INTERNAL SERVICE FUND |
|---|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Insurance Premiums | \$ 1,081,049 |
| Cash Payments for Claims and Fees | <u>(1,045,617)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>35,432</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 35,432 |
| Cash and Cash Equivalents, Beginning of Year | <u>28,584</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 64,016</u></u> |
| Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities | |
| Operating Income (Loss) | \$ 16,658 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | |
| (Increase) Decrease in Due from Other Funds | <u>18,774</u> |
| Net Cash provided (used) by Operating Activities | <u><u>\$ 35,432</u></u> |

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

MONTE VISTA SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2021

| | <u>AGENCY FUND</u> |
|--------------------------|---------------------------|
| ASSETS | |
| Cash | \$ 14,424 |
| TOTAL ASSETS | <u>\$ 14,424</u> |
| | |
| LIABILITIES | |
| Held for Scholarships | \$ 14,424 |
| TOTAL LIABILITIES | <u>\$ 14,424</u> |

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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.

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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.

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

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

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

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

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

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

Cash

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

Property Taxes

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

Uncollected property taxes that became an enforceable lien January 1, 2021, 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.

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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.

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

Certain amounts related to pensions must be deferred.

Pensions

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Most of these changes were in effect as of June 30, 2021.

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 (FNP) 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.

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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.

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.

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- 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 2021.

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

NOTE 3 CASH AND DEPOSITS

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

| | |
|--|--------------|
| Cash in Banks | \$ 5,536,431 |
| Cash on Hand | 1,000 |
| Investments | 1,721,923 |
| Less: amounts related to Agency Funds | (14,424) |
| Total cash and deposits on the Statement of Net Position | \$ 7,244,930 |

Cash and Deposits

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$4,932,395 of the District’s bank balance of \$5,682,405 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

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- 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, 2021, the District has the following investments:

| Investments | Maturity | Total | Rating |
|--------------------|------------------|--------------|---------------|
| CSAFE | Less than 1 year | \$1,721,923 | 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, 2021, the District had an estimated property tax receivable as follows:

| | |
|----------------------|-----------|
| General Fund | \$ 42,174 |
| Bond Redemption Fund | 1,598 |
| | \$ 43,772 |

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021, consisted of the following:

| | | |
|--|--|------------|
| General Fund | | |
| June, July, and August Treasurer's Collections | | \$ 113,135 |
| Other | | 23,388 |
| Bond Redemption Fund | | |
| June, July, and August Treasurer's Collections | | 27,693 |
| | | \$ 164,216 |

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, 2021, the District had \$342,574 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, 2021, were as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|-----------------------|------------|
| General Fund | Projects Fund | \$ 180,602 |
| General Fund | Internal Service Fund | 100 |
| | | \$ 180,702 |

Interfund Transfers

Interfund transfers for the year ended June 30, 2021, were as follows:

| Transfer In | Transfer Out | Amount |
|---------------------|--------------|------------|
| Pupil Activity Fund | General Fund | \$ 54,200 |
| Building Fund | General Fund | 67,000 |
| | | \$ 121,200 |

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

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NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

| | Balance 6/30/2020 | Additions | Deletions | Balance 6/30/2021 |
|--|----------------------|-----------------------|----------------|----------------------|
| <i>Governmental Activities</i> | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 258,329 | \$ - | \$ - | \$ 258,329 |
| Site Improvements- Inexhaustible | 2,532,852 | - | - | 2,532,852 |
| Construction in Progress | - | 93,451 | - | 93,451 |
| Total capital assets not being depreciated | <u>2,791,181</u> | <u>93,451</u> | <u>-</u> | <u>2,884,632</u> |
| Capital Assets Being Depreciated | | | | |
| Land Improvements | 5,096,049 | - | - | 5,096,049 |
| Buildings | 37,449,925 | 30,399 | - | 37,480,324 |
| Equipment | 2,491,958 | 91,889 | 517,100 | 2,066,747 |
| Vehicles | 1,090,528 | - | - | 1,090,528 |
| Total Capital Assets Being Depreciated | <u>46,128,460</u> | <u>122,288</u> | <u>517,100</u> | <u>45,733,648</u> |
| Less: Accumulated Depreciation For | | | | |
| Land Improvements | 1,377,353 | 163,312 | - | 1,540,665 |
| Buildings | 13,887,097 | 997,826 | - | 14,884,923 |
| Equipment | 2,222,660 | 64,756 | 517,100 | 1,770,316 |
| Vehicles | 866,669 | 36,159 | - | 902,828 |
| Total Accumulated Depreciation | <u>18,353,779</u> | <u>1,262,053</u> | <u>517,100</u> | <u>19,098,732</u> |
| Net Capital Assets being depreciated | <u>27,774,681</u> | <u>(1,139,765)</u> | <u>-</u> | <u>26,634,916</u> |
| Total Capital Assets, net | <u>\$ 30,565,862</u> | <u>\$ (1,046,314)</u> | <u>\$ -</u> | <u>\$ 29,519,548</u> |

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

| | |
|--|---------------------|
| <i>Governmental Activities</i> | |
| Instructional Program | \$ 892,279 |
| Student Support Services | 176,192 |
| Instructional Staff Support Services | 553 |
| General Administration Supporting Services | 25,450 |
| Operations and Maintenance of Plant Services | 80,273 |
| Student Transportation Services | 52,529 |
| Central Supporting Services | 17,207 |
| Food Services | 17,570 |
| Total depreciation expense - governmental activities | <u>\$ 1,262,053</u> |

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$1,159,077.

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 \$34,877.

NOTE 11 LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability balances for the year ended June 30, 2021, were as follows:

| | Balance 6/30/2020 | Additions | Deletions | Balance 6/30/2021 | Due Within One Year |
|--------------------------------------|----------------------|------------------|-------------------|----------------------|---------------------------|
| <i>Governmental Activities</i> | | | | | |
| G.O. Bonds Payable | \$ 6,311,667 | \$ - | \$ 358,802 | \$ 5,952,865 | \$376,101 |
| Lease Purchase Agreements | 285,609 | - | 115,927 | 169,682 | 118,902 |
| Early Retirement Bonus Payable | 77,900 | 9,691 | 51,616 | 35,975 | 34,521 |
| Compensated Absences | 298,184 | 21,469 | - | 319,653 | - |
| Bond Premium | 331,957 | - | 40,412 | 291,545 | 40,412 |
| Total Governmental Activities | \$ 7,305,317 | \$ 31,160 | \$ 566,757 | \$ 6,769,720 | \$569,936 |

General Obligation Bonds Payable

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, 2021, was \$0.

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, 2021, was \$2,242,865.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021, was \$3,710,000.

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

| | Principal | Interest | Total |
|--------------|--------------|--------------|--------------|
| FY 2022 | \$ 376,101 | \$ 201,744 | \$ 577,845 |
| FY 2023 | 383,698 | 190,192 | 573,890 |
| FY 2024 | 391,605 | 178,323 | 569,928 |
| FY 2025 | 404,834 | 166,076 | 570,910 |
| FY 2026 | 418,399 | 153,385 | 571,784 |
| FY 2027-2031 | 2,303,228 | 543,945 | 2,847,173 |
| FY 2032-2035 | 1,675,000 | 106,600 | 1,781,600 |
| | \$ 5,952,865 | \$ 1,540,265 | \$ 7,493,130 |
| Total | | | |

Lease Purchase Agreements

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purpose of upgrading the District's facilities lighting. The lease, dated September 13, 2018, was for \$203,100 with an interest rate of 3.3%. The lease has a term of 3 annual payments from the General Fund, with final payment due on November 1, 2021. The cost of the project was \$284,776 and accumulated depreciation was \$29,664 at June 30, 2021. The principal balance outstanding at June 30, 2021, was \$69,910.

The District entered into a lease purchase agreement between Government Capital Corporation, as lessor, and the District, as lessee, for the purchase of a bus and miscellaneous equipment. The lease, dated June 20, 2019, was for \$148,023 with an interest rate of 3.651%. The lease has a term of 3 annual payments from the General Fund, with final payment due on July 1, 2022. The cost of the bus was \$148,023 and accumulated depreciation was \$20,559 at June 30, 2021. The principal balance outstanding at June 30, 2021, was \$99,772.

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

| | Principal | Interest | Total |
|---------|------------|----------|------------|
| FY 2022 | \$ 118,901 | \$ 5,950 | \$ 124,851 |
| FY 2023 | 50,781 | 1,854 | 52,635 |
| Total | \$ 169,682 | \$ 7,804 | \$ 177,486 |

Early Retirement Bonus Payable

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2020. 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, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S, once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

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Contributions provisions as of June 30, 2021. Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDT are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

| | July 1, 2020 Through June 30, 2021 |
|--|---------------------------------------|
| Employer Contribution Rate | 10.90% |
| Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | -1.02% |
| Amount Apportioned to the SCHDTF | 9.88% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 5.50% |
| Total employer contribution rate to the SCHDTF | 19.88% |

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

As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020 for the State’s 2020-21 fiscal year.

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 \$1,241,356 for the year ended June 30, 2021.

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

The net pension liability for the SCHDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The District’s proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, the District reported a liability of \$17,321,521 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

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| | | |
|---|-----------|-------------------|
| Monte Vista School District's proportionate share of the net position liability | \$ | 17,321,521 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Monte Vista School District | | - |
| Total | <u>\$</u> | <u>17,321,521</u> |

At December 31, 2020, District's proportion was 0.1146 percent, which was an increase of 0.0080 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$(4,552,764) and revenue of \$0 for support from the State as a nonemployer contributing entity. At June 30, 2021, 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 | \$ 951,731 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 3,812,861 |
| Changes of assumptions or other inputs | 1,666,277 | 2,911,601 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 1,278,551 | 588,163 |
| Contributions subsequent to the measurement date | 644,084 | - |
| Total | <u>\$ 4,540,643</u> | <u>\$ 7,312,625</u> |

\$644,084 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, 2022. 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, | |
|---------------------|----------------|
| 2022 | \$ (3,043,359) |
| 2023 | 757,926 |
| 2024 | (529,132) |
| 2025 | (601,500) |
| 2026 | - |
| Thereafter | - |

Actuarial assumptions. The total pension liability in the December 31, 2019 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 | |

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| | |
|---|--|
| plan investment expenses, including price inflation | 7.25 percent |
| Discount rate | 7.25 percent |
| Post-retirement benefit increases: | |
| PERA Benefit Structure hired prior to 1/1/07 | 1.25 |
| PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) ¹ | Financed by the Annual Increase Reserve |

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

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

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

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

The actuarial assumptions used in the December 31, 2019, 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.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

| | |
|--|---------------|
| Actuarial cost method | Entry age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation | 3.40 – 11.00% |
| Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post-retirement benefit increases: | |

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| | |
|--|---------------------|
| PERA Benefit Structure hired prior to 1/1/07 | |
| And DPS benefit structure (compounded annually) | 1.25% |
| PERA Benefit Structure hired after 12/31/06 ¹ | Financed by the AIR |

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 or older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption, 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

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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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---------------------------|------------------------------|---|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives ¹ | 6.00% | 4.70% |
| Total | <u>100.00%</u> | |

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the current member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity will provide an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct

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distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 23,627,974 | \$ 17,321,521 | \$ 12,066,168 |

Pension plan fiduciary net position- Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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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 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 \$63,691 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$629,806 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

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At December 31, 2020, the District's proportion was 0.0663 percent, which was a decrease of 0.0034 from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021 the District recognized OPEB expense of \$(54,019). At June 30, 2021, 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 | \$ 1,672 | \$ 138,462 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 25,734 |
| Changes of assumptions or other inputs | 4,706 | 38,619 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 9,077 | 39,329 |
| Contributions subsequent to the measurement date | 33,046 | - |
| Total | <u>\$ 48,501</u> | <u>\$ 242,144</u> |

\$33,046 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, 2022. 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, | |
|---------------------|-------------|
| 2022 | \$ (51,203) |
| 2023 | (47,603) |
| 2024 | (51,524) |
| 2025 | (50,818) |
| 2026 | (23,965) |
| Thereafter | (1,577) |

Actuarial assumptions. The total OPEB liability in the December 31, 2019 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 |

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| | |
|--------------------------|---|
| PERACare Medicare plans | 8.10 % in 2020, gradually Decreasing to 4.50 percent in 2029 |
| Medicare Part A premiums | 3.50% in 2020, gradually increasing to 4.50 percent in 2029 |

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums are assumed for 2020, for the PERA Benefit Structure:

| Initial Costs for Members without Medicare Part A | | | |
|---|--------------|-----------------|------------------------------------|
| Medicare Plan | Monthly Cost | Monthly Premium | Monthly Cost Adjusted to Age 65 |
| Medicare Advantage/Self-Insured Rx | \$588 | \$227 | \$550 |
| Kaiser Permanente Medicare Advantage HMO | 621 | 232 | 586 |

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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:

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| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|-------|----------------------------|-----------------------------|
| 2020 | 8.10% | 3.50% |
| 2021 | 6.40% | 3.75% |
| 2022 | 6.00% | 3.75% |
| 2023 | 5.70% | 3.75% |
| 2024 | 5.50% | 4.00% |
| 2025 | 5.30% | 4.00% |
| 2026 | 5.10% | 4.00% |
| 2027 | 4.90% | 4.25% |
| 2028 | 4.70% | 4.25% |
| 2029+ | 4.50% | 4.50% |

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

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| | Trust Fund |
|---|-----------------|
| | School Division |
| Actuarial cost method | Entry age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation: | |
| Members other than State Troopers | 3.40%-11.00% |

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board’s actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>30 Year Expected Geometric Real Rate of Return</u> |
|---------------------------|------------------------------|---|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives ¹ | 6.00% | 4.70% |
| Total | <u>100.00%</u> | |

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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:

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
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| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|--|-------------------------------|------------------------|-------------------------------|
| Initial PERACare Medicare trend rate | 7.10% | 8.10% | 9.10% |
| Ultimate PERACare Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 2.50% | 3.50% | 4.50% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | \$ 613,528 | \$ 629,806 | \$ 648,757 |

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, 2020, 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 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$ 721,455 | \$ 629,806 | \$ 551,500 |

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 14 DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

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, 2021, program members contributed \$83,027 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, 2021. Complete separate financial statements may be obtained from BOCES.

Colorado School Districts' Self-Insurance Pool

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021. Complete separate financial statements may be obtained from the Colorado School Districts' Self-Insurance Pool.

NOTE 16 COMMITMENTS AND CONTINGENCIES

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

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The District has been awarded Coronavirus Aid, Relief, and Economic Security (CARES) Act and Elementary and Secondary School Emergency Relief Funding (ESSER) to mitigate some of the costs/losses incurred as a result of the pandemic. However, no adjustments have been made to these financial statements as the potential impact is unknown at this time.

NOTE 17 TABOR EMERGENCY RESERVE

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

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

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021, are presented below:

Pupil Activity Agency Fund:

| | Budget | | Actual | Variance |
|--|-------------|-------------|------------------|------------------|
| | Original | Final | | |
| Beginning Balance Pupil Activity Deposits, | \$ - | \$ 12,122 | \$ 12,122 | \$ - |
| Agency Fund Receipts | 6,000 | 6,000 | 6,176 | 176 |
| Agency Fund Disbursements | (6,000) | (18,122) | (3,874) | 14,248 |
| Ending Balance Pupil Activity Deposits | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,424</u> | <u>\$ 14,424</u> |

NOTE 20 SUBSEQUENT EVENT

The District purchased a building located at 59 North Broadway Monte Vista, Colorado the "Old Community Banks Building" for \$309,000 on September 13, 2021. The building will be used for administration offices.

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, 2021

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH |
|---|-------------------------|---------------------|---------------------|----------------------|
| | ORIGINAL | FINAL | | FINAL BUDGET |
| | | | | POSITIVE |
| | | | | (NEGATIVE) |
| REVENUES | | | | |
| Local Sources | \$ 2,430,597 | \$ 2,430,597 | \$ 2,516,278 | \$ 85,681 |
| Intermediate Sources | 1,100 | 1,100 | 9,926 | 8,826 |
| State Sources | 7,718,560 | 7,871,236 | 7,941,467 | 70,231 |
| Federal Sources | - | - | 59,552 | 59,552 |
| TOTAL REVENUES | 10,150,257 | 10,302,933 | 10,527,223 | 224,290 |
| EXPENDITURES | | | | |
| Instructional Program | 6,336,807 | 6,208,872 | 5,200,053 | 1,008,819 |
| Student Supporting Services | 581,934 | 581,934 | 524,792 | 57,142 |
| Instructional Staff Supporting Services | 183,631 | 183,631 | 104,015 | 79,616 |
| General Administration Supporting Services | 258,518 | 258,518 | 242,542 | 15,976 |
| School Administration Supporting Services | 945,152 | 945,152 | 829,349 | 115,803 |
| Business Supporting Services | 275,902 | 275,902 | 255,051 | 20,851 |
| Operations and Maintenance of Plant Services | 967,764 | 967,764 | 950,697 | 17,067 |
| Student Transportation Services | 349,463 | 349,463 | 264,770 | 84,693 |
| Central Support Services | 449,231 | 449,231 | 409,391 | 39,840 |
| Community Services | 119,772 | 119,772 | 110,108 | 9,664 |
| Facilities Acquisition and Construction Services | 152,502 | 152,502 | 123,850 | 28,652 |
| Debt Service | 124,851 | 124,851 | 124,850 | 1 |
| Operating Reserves | 280,000 | 380,000 | - | 380,000 |
| TOTAL EXPENDITURES | 11,025,527 | 10,997,592 | 9,139,468 | 1,858,124 |
| Excess (Deficiency) of Revenues Over Expenditures | (875,270) | (694,659) | 1,387,755 | 2,082,414 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to Other Funds | (146,200) | (146,200) | (121,200) | 25,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | (146,200) | (146,200) | (121,200) | 25,000 |
| Net Change in Fund Balance | (1,021,470) | (840,859) | 1,266,555 | 2,107,414 |
| Fund Balance, Beginning of Year | 2,705,265 | 3,188,293 | 3,173,392 | (14,901) |
| Fund Balance, End of Year | \$ 1,683,795 | \$ 2,347,434 | \$ 4,439,947 | \$ 2,092,513 |

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, 2021

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH |
|--|-------------------------|------------------|------------------|----------------------|
| | ORIGINAL | FINAL | | FINAL BUDGET |
| | | | | POSITIVE |
| | | | | (NEGATIVE) |
| REVENUES | | | | |
| State Sources | \$ 204,686 | \$ 295,635 | \$ 274,499 | \$ (21,136) |
| Federal Sources | 1,428,842 | 1,519,904 | 1,451,455 | (68,449) |
| TOTAL REVENUES | 1,633,528 | 1,815,539 | 1,725,954 | (89,585) |
| EXPENDITURES | | | | |
| Instructional Program | 414,222 | 508,141 | 982,013 | (473,872) |
| Student Supporting Services | 880,371 | 304,628 | 345,244 | (40,616) |
| Instructional Staff Supporting Services | 334,035 | 992,431 | 390,999 | 601,432 |
| General Administration Supporting Services | - | 3,700 | 4,498 | (798) |
| Business Supporting Services | 4,900 | 6,639 | 3,200 | 3,439 |
| TOTAL EXPENDITURES | 1,633,528 | 1,815,539 | 1,725,954 | 89,585 |
| 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,

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| District's proportion of the net pension liability | 0.1145756100% | 0.1065961012% | 0.1070459905% | 0.1201888576% | 0.1208740816% | 0.1202021451% | 0.1237180975% | 0.1255667926% |
| District's proportionate share of the net pension liability (asset) | \$ 17,321,521 | \$ 15,925,226 | \$ 18,954,691 | \$ 38,864,805 | \$ 35,988,888 | \$ 18,384,069 | \$ 16,767,958 | \$ 16,016,010 |
| State's proportionate share of the net pension liability (asset) associated with the District | - | 2,019,912 | 2,591,791 | - | - | - | - | - |
| Total | \$ 17,321,521 | \$ 17,945,138 | \$ 21,546,482 | \$ 38,864,805 | \$ 35,988,888 | \$ 18,384,069 | \$ 16,767,958 | \$ 16,016,010 |
| District's covered payroll | \$ 6,129,191 | \$ 6,264,153 | \$ 5,884,892 | \$ 5,544,171 | \$ 5,453,729 | \$ 5,240,179 | \$ 5,182,899 | \$ 5,061,993 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 283% | 254% | 322% | 701% | 660% | 351% | 324% | 316% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.0% | 64.5% | 57.0% | 44.0% | 43.1% | 59.2% | 62.8% | 64.1% |

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

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

See Notes to the Required Supplementary Information

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 1,241,356 | \$ 1,214,187 | \$ 1,160,152 | \$ 1,077,911 | \$ 1,009,025 | \$ 951,302 | \$ 876,868 | \$ 821,580 | \$ 760,855 | \$ 745,120 |
| Contributions in relation to the contractually required contribution | <u>(1,241,356)</u> | <u>(1,214,187)</u> | <u>(1,160,152)</u> | <u>(1,077,911)</u> | <u>(1,009,025)</u> | <u>(951,302)</u> | <u>(876,868)</u> | <u>(821,580)</u> | <u>(760,855)</u> | <u>(745,120)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | 6,244,236 | 6,265,159 | 6,064,562 | 5,706,873 | 5,488,791 | 5,361,558 | 5,193,205 | 5,138,749 | 5,044,526 | 5,254,800 |
| Contributions as a percentage of covered payroll | 19.88% | 19.38% | 19.13% | 18.89% | 18.38% | 17.74% | 16.88% | 15.99% | 15.08% | 14.18% |

See Notes to the Required Supplementary Information

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net OPEB liability | 0.0662797221% | 0.0696668572% | 0.0695804682% | 0.0682908585% | 0.0687072539% |
| District's proportionate share of the net OPEB liability (asset) | \$ 629,806 | \$ 783,054 | \$ 946,671 | \$ 887,508 | \$ 890,813 |
| District's covered payroll | \$ 6,129,191 | \$ 6,264,153 | \$ 5,884,892 | \$ 5,544,171 | \$ 5,453,729 |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 10% | 13% | 16% | 16% | 16% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 32.78% | 24.49% | 17.03% | 17.53% | 20.00% |

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

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

See Notes to the Required Supplementary Information

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 63,691 | \$ 63,905 | \$ 61,859 | \$ 58,210 | \$ 55,986 | \$ 54,688 | \$ 52,971 | \$ 52,415 | \$ 51,454 | \$ 53,599 |
| Contributions in relation to the contractually required contribution | <u>(63,691)</u> | <u>(63,905)</u> | <u>(61,859)</u> | <u>(58,210)</u> | <u>(55,986)</u> | <u>(54,688)</u> | <u>(52,971)</u> | <u>(52,415)</u> | <u>(51,454)</u> | <u>(53,599)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 6,244,236 | \$ 6,265,159 | \$ 6,064,562 | \$ 5,706,873 | \$ 5,488,824 | \$ 5,361,569 | \$ 5,193,235 | \$ 5,138,725 | \$ 5,044,510 | \$ 5,254,804 |
| 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% |

See Notes to the Required Supplementary Information

MONTE VISTA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2021

NOTE 1 NET PENSION LIABILITY

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

2020

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

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

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

2016

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

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

MONTE VISTA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2021

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

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

2020

- 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 2020 plan year.
- 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.
- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real wage growth assumption decreased from 1.10 percent per year to 0.70 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumptions for the School Division were changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- Post-retirement non-disabled mortality assumptions for the School Division were changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Post-retirement non-disabled beneficiary mortality assumptions were changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- Disabled mortality assumptions were changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The PERA benefit structure for PERACare Medicare plans was revised from 5.00 percent to 5.60 percent in 2019, gradually decreasing to 4.5 percent in 2019.

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

MONTE VISTA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended June 30, 2021

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

MONTE VISTA SCHOOL DISTRICT NO. 8

SUPPLEMENTARY INFORMATION

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

MONTE VISTA SCHOOL DISTRICT NO. 8
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECTS FUND

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

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

MONTE VISTA SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE - BALANCE SHEET
June 30, 2021

| | <u>SPECIAL REVENUE FUNDS</u> | | <u>CAPITAL PROJECTS FUND</u> | <u>TOTAL NONMAJOR FUNDS</u> |
|---|--------------------------------|------------------------------|----------------------------------|-------------------------------------|
| | <u>PUPIL ACTIVITY FUND</u> | <u>FOOD SERVICE FUND</u> | <u>BUILDING FUND</u> | |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 168,516 | \$ 91,498 | \$ 602,694 | \$ 862,708 |
| Due From Other Governments | - | 46,523 | - | 46,523 |
| Inventory | - | 21,265 | - | 21,265 |
| TOTAL ASSETS | <u>\$ 168,516</u> | <u>\$ 159,286</u> | <u>\$ 602,694</u> | <u>\$ 930,496</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Accounts Payable | \$ - | \$ 10,454 | \$ - | \$ 10,454 |
| Accrued Salaries and Benefits | - | 40,320 | - | 40,320 |
| TOTAL LIABILITIES | <u>-</u> | <u>50,774</u> | <u>-</u> | <u>50,774</u> |
| FUND BALANCE | | | | |
| Nonspendable | | | | |
| Inventory | - | 21,265 | - | 21,265 |
| Restricted | | | | |
| BEST Capital Reserve Renewal | - | - | 442,014 | 442,014 |
| Bond Proceeds for Capital Construction | - | - | 86,955 | 86,955 |
| Committed | | | | |
| Pupil Activities | 168,516 | - | - | 168,516 |
| Food Service | - | 87,247 | - | 87,247 |
| Capital Projects/Equipment | - | - | 73,725 | 73,725 |
| Unassigned | - | - | - | - |
| TOTAL FUND BALANCE | <u>168,516</u> | <u>108,512</u> | <u>602,694</u> | <u>879,722</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 168,516</u> | <u>\$ 159,286</u> | <u>\$ 602,694</u> | <u>\$ 930,496</u> |

MONTE VISTA SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2021

| | <u>SPECIAL REVENUE FUNDS</u> | | <u>CAPITAL PROJECTS FUND</u> | <u>TOTAL NONMAJOR FUNDS</u> |
|---|--------------------------------|------------------------------|--------------------------------------|-------------------------------------|
| | <u>PUPIL ACTIVITY FUND</u> | <u>FOOD SERVICE FUND</u> | <u>BUILDING FUND</u> | |
| REVENUES | | | | |
| Local Sources | \$ 98,025 | \$ 8,968 | \$ 1,133 | \$ 108,126 |
| State Sources | - | 8,208 | - | 8,208 |
| Federal Sources | - | 449,122 | - | 449,122 |
| TOTAL REVENUES | <u>98,025</u> | <u>466,298</u> | <u>1,133</u> | <u>565,456</u> |
| EXPENDITURES | | | | |
| Instructional Program | 155,157 | - | - | 155,157 |
| Facilities Acquisition and Construction Services | - | - | 73,796 | 73,796 |
| Food Services | - | 450,538 | - | 450,538 |
| TOTAL EXPENDITURES | <u>155,157</u> | <u>450,538</u> | <u>73,796</u> | <u>679,491</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(57,132)</u> | <u>15,760</u> | <u>(72,663)</u> | <u>(114,035)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Funds | <u>54,200</u> | <u>-</u> | <u>67,000</u> | <u>121,200</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>54,200</u> | <u>-</u> | <u>67,000</u> | <u>121,200</u> |
| Net Change in Fund Balance | (2,932) | 15,760 | (5,663) | 7,165 |
| Fund Balance, Beginning of Year | <u>171,448</u> | <u>92,752</u> | <u>608,357</u> | <u>872,557</u> |
| Fund Balance, End of year | <u><u>\$ 168,516</u></u> | <u><u>\$ 108,512</u></u> | <u><u>\$ 602,694</u></u> | <u><u>\$ 879,722</u></u> |

MONTE VISTA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
For the Year Ended June 30, 2021

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|---|-------------------------|------------------|-------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| Local Sources | \$ 250,000 | \$ 150,000 | \$ 98,025 | \$ (51,975) |
| TOTAL REVENUES | <u>250,000</u> | <u>150,000</u> | <u>98,025</u> | <u>(51,975)</u> |
| EXPENDITURES | | | | |
| Instructional Program | 310,537 | 204,200 | 155,157 | 49,043 |
| Operating Reserves | - | 171,448 | - | 171,448 |
| TOTAL EXPENDITURES | <u>310,537</u> | <u>375,648</u> | <u>155,157</u> | <u>220,491</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(60,537)</u> | <u>(225,648)</u> | <u>(57,132)</u> | <u>168,516</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Funds | <u>54,200</u> | <u>54,200</u> | <u>54,200</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>54,200</u> | <u>54,200</u> | <u>54,200</u> | <u>-</u> |
| Net Change in Fund Balance | (6,337) | (171,448) | (2,932) | 168,516 |
| Fund Balance, Beginning of Year | <u>6,337</u> | <u>171,448</u> | <u>171,448</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 168,516</u> | <u>\$ 168,516</u> |

MONTE VISTA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2021

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|---|-------------------------|-----------------|-------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| Local Sources | \$ 44,800 | \$ 44,800 | \$ 8,968 | \$ (35,832) |
| State Sources | 10,200 | 10,200 | 8,208 | (1,992) |
| Federal Sources | 440,852 | 440,852 | 449,122 | 8,270 |
| TOTAL REVENUES | <u>495,852</u> | <u>495,852</u> | <u>466,298</u> | <u>(29,554)</u> |
| EXPENDITURES | | | | |
| Supporting Services | | | | |
| Food Services | | | | |
| Salaries | 186,366 | 182,423 | 186,814 | (4,391) |
| Fringe Benefits | 97,570 | 94,930 | 60,677 | 34,253 |
| Purchased Property Services | - | - | 1,504 | (1,504) |
| Other Purchased Services | 4,000 | 4,000 | - | 4,000 |
| Food and Commodities | 251,700 | 251,700 | 187,727 | 63,973 |
| Facilities Acquisition and Construction Services | 3,291 | 16,925 | 13,816 | 3,109 |
| Operating Reserves | 6,808 | 38,625 | - | 38,625 |
| TOTAL EXPENDITURES | <u>549,735</u> | <u>588,603</u> | <u>450,538</u> | <u>138,065</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(53,883)</u> | <u>(92,751)</u> | <u>15,760</u> | <u>108,511</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Funds | <u>25,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>25,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (28,883) | (92,751) | 15,760 | 108,511 |
| Fund Balance, Beginning of Year | <u>28,883</u> | <u>92,751</u> | <u>92,752</u> | <u>1</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108,512</u> | <u>\$ 108,512</u> |

MONTE VISTA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUILDING FUND
For the Year Ended June 30, 2021

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|---|-------------------------|----------------|-------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| Local Sources | \$ 9,500 | \$ 9,500 | \$ 1,133 | \$ (8,367) |
| State Sources | - | - | - | - |
| TOTAL REVENUES | <u>9,500</u> | <u>9,500</u> | <u>1,133</u> | <u>(8,367)</u> |
| EXPENDITURES | | | | |
| Facilities Acquisition and Construction Services | - | 63,996 | 73,796 | (9,800) |
| Operating Reserves | 566,956 | 473,229 | - | 473,229 |
| TOTAL EXPENDITURES | <u>566,956</u> | <u>537,225</u> | <u>73,796</u> | <u>463,429</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (557,456) | (527,725) | (72,663) | 455,062 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Other Funds | 408,008 | 408,008 | 67,000 | (341,008) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>408,008</u> | <u>408,008</u> | <u>67,000</u> | <u>(341,008)</u> |
| Net Change in Fund Balance | (149,448) | (119,717) | (5,663) | 114,054 |
| Fund Balance, Beginning of Year | <u>149,448</u> | <u>119,717</u> | <u>608,357</u> | <u>488,640</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 602,694</u> | <u>\$ 602,694</u> |

MONTE VISTA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BOND REDEMPTION FUND
For the Year Ended June 30, 2021

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|--|-------------------------|------------------|-------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| Local Sources | \$ 577,803 | \$ 577,803 | \$ 588,502 | \$ 10,699 |
| TOTAL REVENUES | <u>577,803</u> | <u>577,803</u> | <u>588,502</u> | <u>10,699</u> |
| EXPENDITURES | | | | |
| Debt Service | 648,286 | 1,468,819 | 572,755 | 896,064 |
| Operating Reserves | 820,533 | 55,439 | - | 55,439 |
| TOTAL EXPENDITURES | <u>1,468,819</u> | <u>1,524,258</u> | <u>572,755</u> | <u>951,503</u> |
| Net Change in Fund Balance | (891,016) | (946,455) | 15,747 | 962,202 |
| Fund Balance, Beginning of Year | <u>891,016</u> | <u>946,455</u> | <u>936,817</u> | <u>(9,638)</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 952,564</u> | <u>\$ 952,564</u> |

MONTE VISTA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
INTERNAL SERVICE FUND
For the Year Ended June 30, 2021

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|---|-------------------------|------------------|------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| OPERATING REVENUES | | | | |
| Premiums | \$ 1,138,000 | \$ 1,138,000 | \$ 1,081,049 | \$ (56,951) |
| TOTAL OPERATING REVENUES | <u>1,138,000</u> | <u>1,138,000</u> | <u>1,081,049</u> | <u>(56,951)</u> |
| OPERATING EXPENSES | | | | |
| Purchased Services | 1,209,000 | 1,138,000 | 1,064,391 | 73,609 |
| Operating Reserves | - | 47,258 | - | 47,258 |
| TOTAL OPERATING EXPENSES | <u>1,209,000</u> | <u>1,185,258</u> | <u>1,064,391</u> | <u>120,867</u> |
| Operating Income (Loss) | <u>(71,000)</u> | <u>(47,258)</u> | <u>16,658</u> | <u>63,916</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | (71,000) | (47,258) | 16,658 | 63,916 |
| Net Position, Beginning of Year | <u>71,000</u> | <u>47,258</u> | <u>47,258</u> | <u>-</u> |
| Net Position, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 63,916</u> | <u>\$ 63,916</u> |

MONTE VISTA SCHOOL DISTRICT NO. 8

SINGLE AUDIT SECTION

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

| <i>Federal Grantor/Program or Cluster Title</i> | <i>Federal Assistance Number</i> | <i>Pass-through Grantor and Number</i> | <i>Federal Expenditures(\$)</i> |
|---|----------------------------------|---|---------------------------------|
| <i>Child Nutrition Cluster</i> | | | |
| U.S. Department of Agriculture | | | |
| National School Lunch Program | 10.555 | Colorado Department of Human Services, 4555 | \$ 24,056 |
| Summer Food Service Program | 10.559 | Colorado Department of Education, 4559 | 64,410 |
| COVID-19 - Summer Food Service Program | 10.559 | Colorado Department of Education, 4559 | 353,731 |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | Colorado Department of Education, 5579 | <u>6,925</u> |
| Total National School Lunch Program | | | <u>449,122</u> |
| <i>Total Child Nutrition Cluster</i> | | | <u>449,122</u> |
| <i>Forest Service Schools and Roads Cluster</i> | | | |
| U.S. Department of Agriculture | | | |
| Schools and Roads - Grants to States | 10.665 | Colorado Department of Treasury and Rio Grande County Treasurer, 7665 | <u>59,552</u> |
| <i>Total Forest Service Schools and Roads Cluster</i> | | | <u>59,552</u> |
| <i>Total U.S. Department of Agriculture</i> | | | <u>508,674</u> |
| <i>Total All Clusters</i> | | | <u>508,674</u> |
| <i>Other Programs</i> | | | |
| U.S. Department of Education | | | |
| Title I Grants to Local Educational Agencies | 84.010 | Colorado Department of Education, 4010, 5010 | 381,782 |
| Student Support and Academic Enrichment Program | 84.424 | Colorado Department of Education, 4424 | 8,998 |
| Elementary and Secondary School Emergency Relief Fund | 84.425D | Colorado Department of Education, 4425 | 184,879 |
| Rural Education | 84.358 | Colorado Department of Education, 6358 | 24,593 |
| Special Education - State Personnel Development | 84.323 | Colorado Department of Education, 5323 | 4,754 |
| English Language Acquisition State Grants | 84.365 | Colorado Department of Education, 4365 | 5,610 |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | Colorado Department of Education, 4367 | <u>57,519</u> |
| <i>Total U.S. Department of Education</i> | | | <u>668,135</u> |

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

| <i>Federal Grantor/Program or Cluster Title</i> | <i>Federal Assistance Number</i> | <i>Pass-through Grantor and Number</i> | <i>Federal Expenditures(\$)</i> |
|--|----------------------------------|--|---------------------------------|
| U.S. Department of Treasury | | | |
| Coronavirus Relief Fund | 21.019 | Colorado Department of Education, 4012 | 757,804 |
| Coronavirus Relief Fund | 21.019 | Colorado Department of Education, 5012 | 26,025 |
| <i>Total U.S. Department of Treasury</i> | | | 783,829 |
| <i>Total Other Programs</i> | | | 1,451,964 |
| <i>Total Expenditures of Federal Awards</i> | | | \$ 1,960,638 |

MONTE VISTA SCHOOL DISTRICT NO. 8
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Monte Vista School District No. 8 did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2021. In addition, the District did not pass-through federal funds to subrecipients.

NOTE 2: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Monte Vista School District No. 8 under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Monte Vista School District No. 8, it is not intended to and does not present the financial position or changes in net position of Monte Vista School District No. 8.

NOTE 3: FOOD DISTRIBUTION

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



Wall,
Smith,
Bateman Inc.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monte Vista School District No. 8 (the District), as of and for the year ended June 30, 2021, 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 01, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001 that we consider to be a significant deficiency.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Compliance and Other Matters

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

District's Response to the Finding

District's response to the 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 01, 2021

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



**Wall,
Smith,
Bateman Inc.**

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

Report on Compliance for Each Major Federal Program

We have audited Monte Vista School District No. 8's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. 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, 2021.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Internal Control over Compliance

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

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

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 01, 2021

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

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)? X yes _____ none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

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

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

Identification of major programs:

CFDA Number(s)
21.019

Name of Federal Program or Cluster
Coronavirus Relief Fund

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

Auditee qualified as a low-risk auditee? X yes _____ no

MONTE VISTA SCHOOL DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section II – Financial Statement Findings

Finding 2021-001: Internal Control over Financial Reporting

Type of finding: Internal Control (significant deficiency)

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, non-routine transactions and financial statement preparation.

Condition: The District's internal controls did not detect and correct financial misstatements.

Cause: The District has not cross trained all staff to ensure reconciliation and review processes over the general ledger.

Effect: Four audit adjustments were proposed to properly state the District's financial statements as of June 30, 2021, in accordance with generally accepted accounting principles.

Recommendation: The District should strengthen its internal controls with cross training all employees to include a review process over the general ledger that is segregated from the individual who completes the reconciliation, to ensure accurate reporting. The District should consider that this might require additional finance staff.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

MONTE VISTA SCHOOL DISTRICT

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

CORRECTIVE ACTION PLAN

Oversight Agencies - U.S. Department of Treasury
U.S. Department of Agriculture
U.S. Department of Education

Monte Vista School District No. 8 respectfully submits the following corrective action plan for the year ended June 30, 2021.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle, P.O. Box 809
Alamosa, CO 81101

Audit period: Year ended June 30, 2021

The findings from the June 30, 2021 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 II – Financial Statement Findings

Finding 2021-001: Internal Control over Financial Reporting

Type of finding: Internal Control (significant deficiency)

Recommendation: The District should strengthen its internal controls with cross training all employees to include a review process over the general ledger that is segregated from the individual who completed the reconciliation, to ensure accurate reporting. The District should consider that this might require additional finance staff.


Action Taken: The Superintendent and Accounting Manager will review the District's current internal control procedures and align duties of the business staff with those procedures. As necessary, changes will be made to ensure the proper segregation of duties to ensure dual control of transactions. This will help ensure the Accounting Manager's primary role is implementing internal control and review procedures.

This process will begin immediately.

If the U.S. Department of Agriculture, U.S. Department of Treasury, and U.S. Department of Education have questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,


Scott Wiedeman
Superintendent
Monte Vista School District No. 8


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

Scott Wiedeman
Superintendent

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Monte Vista
Colorado 81144
U.S.A

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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 2020-21
 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 | 3,158,491 | 10,069,671 | 8,800,911 | 4,427,251 |
| 18 Risk Mgmt Sub-Fund of General Fund | 14,901 | 149,883 | 152,130 | 12,654 |
| 19 Colorado Preschool Program Fund | 0 | 186,470 | 186,427 | 43 |
| Sub- Total | 3,173,392 | 10,406,024 | 9,139,468 | 4,439,948 |
| 11 Charter School Fund | 0 | 0 | 0 | 0 |
| 20,26-29 Special Revenue Fund | 0 | 0 | 0 | 0 |
| 06 Supplemental Cap Const, Tech, Main, Fund | 0 | 0 | 0 | 0 |
| 07 Total Program Reserve Fund | 0 | 0 | 0 | 0 |
| 21 Food Service Spec Revenue Fund | 92,751 | 466,298 | 450,538 | 108,512 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 1,725,954 | 1,725,954 | 0 |
| 23 Pupil Activity Special Revenue Fund | 171,448 | 152,225 | 155,157 | 168,516 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | 0 | 0 | 0 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 936,816 | 588,503 | 572,755 | 952,564 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 608,357 | 68,133 | 73,796 | 602,694 |
| 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 | 4,982,764 | 13,407,136 | 12,117,667 | 6,272,234 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | 0 |
| 64 (63) Risk-Related Activity Fund | 47,259 | 0 | -16,658 | 63,917 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 47,259 | 0 | -16,658 | 63,917 |
| 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 | 12,122 | 6,176 | 3,874 | 14,424 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 12,122 | 6,176 | 3,874 | 14,424 |

FINAL