

**MOUNTAIN VIEW CORE KNOWLEDGE  
SCHOOL**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

For the Year Ended June 30, 2013

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
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**JUNE 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mountain View Core Knowledge School

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Mountain View Core Knowledge School (the School), a component unit of School District Fremont RE-1, as of and for the year ended June 30, 2013, which collectively comprise the School's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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, the business-type activities, and each major fund of Mountain View Core Knowledge School, as of June 30, 2013, and the respective

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

***Other-Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary 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.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
January 09, 2014

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2013**

As Governing Board of Mountain View Core Knowledge School we offer readers of the School's annual financial report this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30<sup>th</sup>, 2013. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the independent auditor's report and financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- Total assets of the school exceeded its total liabilities by \$984,142 during the fiscal year resulting in a positive net position balance.
- The School's total net position increased \$7,323. The increase is due to cost savings and solid budget throughout the year.
- A long-term liability of \$1,426,806 consists of a note payable for the school's building and land.
- As of the close of the current fiscal year, the School's general fund reported an ending fund balance of \$434,588, an increase of \$69,583 in comparison with the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis serves as an introduction of the School's basic financial statements. The School's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances as a whole, in a manner similar to a private-sector business and include two statements:

The *statement of net position* presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information reporting how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School include general government and School operations.

Currently, the School has a pre-school program and after school car program that generated business-type revenues of \$54,143.47 for the fiscal year.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School's operations, focusing on its most significant funds, not the School as a whole.

Governmental Funds: The School's basic services are included in this governmental fund, which focuses on (1) how money flows into and out of the fund and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the School's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance and the statement of revenues, expenditures, and changes in fund balance.

### **Notes to the financial Statement**

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

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the School. The School adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, total assets exceeded liabilities by \$984,142 as of June 30, 2013 resulting in a positive net position balance.

77% of the School's assets are investment in capital assets. The assets consist of buildings, vehicles, and land development.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**

**Condensed Statement of Net Position**

	<b>FY 2012-13</b>	<b>FY 2011-12</b>
Current and other assets	\$578,441	\$520,071
Capital assets	1,971,999	2,041,551
Total assets	<u>\$2,550,440</u>	<u>\$2,561,622</u>
Long-term liabilities	1,426,806	1,423,432
Other liabilities	139,492	131,553
Total liabilities	<u>\$1,566,298</u>	<u>\$1,554,985</u>
 <b>NET POSITION:</b>		
Invested in capital assets, net of related debt	\$554,904	\$694,755
Restricted	46,500	48,283
Unrestricted	382,738	263,599
Total net position	<u>\$984,142</u>	<u>\$1,006,637</u>

**Condensed Statement of Activities**

	<b>FY 2012-13</b>	<b>FY 2011-12</b>
Revenues:		
Program revenues:		
Charges for services	\$213,675	\$99,662
Operating grants and contributions		
Capital grants and contributions	19,962	18,062
General revenues:		
State Equalization	1,385,937	1,397,985
Other revenues	41,408	93,404
Interest income	585	319
Total revenues	<u>\$1,661,567</u>	<u>\$1,609,432</u>
Expenses:		
Instruction	\$900,456	\$950,891
Support services	561,792	523,973
Food service	12,954	12,638
Facilities acquisition and construction	0	1,928
Interest on long term debt	0	79,719
Building Corporation	179,042	0
Total expenses	<u>\$1,654,244</u>	<u>\$1,569,149</u>
Change in net position	7,323	40,283
Net position, beginning as restated	976,819	966,354
Net position, ending	<u>\$984,142</u>	<u>\$1,006,637</u>

**ANALYSIS OF THE SCHOOL'S FUNDS**

The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is the operating fund of the School. The fund balance for the general fund was a surplus of \$434,588 at the end of the current fiscal year.

## **BUDGETARY HIGHLIGHTS**

The School's budget is prepared in accordance with state law. During the year the School amended its budget primarily to reflect insurance settlement and related expenses.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

Capital assets include all capital outlays related to capital assets at the school, building and improvements, land and equipment. The School's investment in capital assets at the end of the year was \$1,971,999.

### **Debt Administration**

- At the end of the current fiscal year, the School had \$1,426,806 in debt outstanding for the buildings and land.
- Though the vision and priorities for MVCKS have stayed the course, the goals for continuous growth and innovation have served as a guiding compass for the school throughout the years. During the past five years, the school has refinanced its building lease loan a total of three times in order to better the financial stability of the school. As a part of the first refinance completed in 2009, the school was able to complete an unfinished gym, music room/stage, and cafeteria all while saving a yearly total of \$27,000. Our most recent refinance extended that yearly savings by reducing the interest rate and debt service.

## **ECONOMIC FACTORS**

- Colorado and Canon City remain stable from Fiscal Year 2011-12 to Fiscal Year 2012-13

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the School's taxpayers and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mountain View Core Knowledge School, 890 Field Avenue, Canon City, Colorado 81212.

## **BASIC FINANCIAL STATEMENTS**

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 298,122	\$ -	\$ 298,122
Accounts receivable	18,068	-	18,068
Intergovernmental receivable	252,540	-	252,540
Restricted cash and cash equivalents	-	9,711	9,711
Capital assets:			
Sites	-	474,460	474,460
Buildings and improvements	-	2,146,586	2,146,586
Vehicles	-	30,500	30,500
Less: accumulated depreciation	-	(679,547)	(679,547)
Total capital assets	<u>-</u>	<u>1,971,999</u>	<u>1,971,999</u>
Total assets	<u>568,730</u>	<u>1,981,710</u>	<u>2,550,440</u>
<b>LIABILITIES</b>			
Accounts payable	5,084	-	5,084
Accrued salaries and benefits	129,058	-	129,058
Accrued interest payable	-	5,350	5,350
Long-term liabilities			
Due within one year			
Notes payable	-	47,104	47,104
Due in more than one year			
Notes payable	-	1,379,702	1,379,702
Total liabilities	<u>134,142</u>	<u>1,432,156</u>	<u>1,566,298</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	554,904	554,904
Restricted for TABOR	46,500	-	46,500
Unrestricted	388,088	(5,350)	382,738
Total net position	<u>\$ 434,588</u>	<u>\$ 549,554</u>	<u>\$ 984,142</u>

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Change in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities							
Instruction	\$ 900,456	\$ 96,893	\$ -	\$ 19,962	\$ (783,601)	\$ -	\$ (783,601)
Student support	22,777	-	-	-	(22,777)	-	(22,777)
Instructional staff	12,384	-	-	-	(12,384)	-	(12,384)
General administration	77,070	-	-	-	(77,070)	-	(77,070)
School administration	124,043	-	-	-	(124,043)	-	(124,043)
Business support services	26,000	-	-	-	(26,000)	-	(26,000)
Operating and maintenance	259,860	-	-	-	(259,860)	-	(259,860)
Transportation services	1,536	-	-	-	(1,536)	-	(1,536)
Central support services	37,733	-	-	-	(37,733)	-	(37,733)
Community services	389	-	-	-	(389)	-	(389)
Nutritional services	12,954	-	-	-	(12,954)	-	(12,954)
Total governmental activities	<u>1,475,202</u>	<u>96,893</u>	<u>-</u>	<u>19,962</u>	<u>(1,358,347)</u>		<u>(1,358,347)</u>
Business-type activities							
Building Corporation	179,042	116,782	-	-		(62,260)	(62,260)
Total	<u>\$ 1,654,244</u>	<u>\$ 213,675</u>	<u>\$ -</u>	<u>\$ 19,962</u>	<u>(1,358,347)</u>	<u>(62,260)</u>	<u>(1,420,607)</u>
General revenues:							
State equalization					1,385,937	-	1,385,937
Earnings on investments					585	-	585
Other revenues					41,408	-	41,408
Total general revenues					<u>1,427,930</u>	<u>-</u>	<u>1,427,930</u>
Change in net position					69,583	(62,260)	7,323
Net position - beginning					365,005	641,632	1,006,637
Prior period adjustment						(29,818)	(29,818)
Net position - beginning, as restated					<u>365,005</u>	<u>611,814</u>	<u>976,819</u>
Net position - ending					<u>\$ 434,588</u>	<u>\$ 549,554</u>	<u>\$ 984,142</u>

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL  
BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2013**

**ASSETS**

Cash and cash equivalents	\$ 298,122
Accounts receivable	18,068
Intergovernmental receivable	<u>252,540</u>
Total assets	<u><u>\$ 568,730</u></u>

**LIABILITIES**

Accounts payable	\$ 5,084
Accrued salaries and benefits	<u>129,058</u>
Total liabilities	<u>134,142</u>

**FUND BALANCES**

Restricted for TABOR	46,500
Unassigned	<u>388,088</u>
Total fund balances	<u>434,588</u>
Total liabilities and fund balances	<u><u>\$ 568,730</u></u>

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**REVENUES**

State sources	\$ 1,405,899
Local sources	<u>138,886</u>
 Total revenues	 <u>1,544,785</u>

**EXPENDITURES**

Instruction	900,456
Supporting services	
Student support	22,777
Instructional staff	12,384
General administration	77,070
School administration	124,043
Business services	26,000
Operations and maintenance	259,860
Transportation services	1,536
Central support services	37,733
Community services	389
Nutritional services	<u>12,954</u>
 Total expenditures	 <u>1,475,202</u>
 Net change in fund balance	 69,583
 Fund balance - beginning	 <u>365,005</u>
 Fund balance - ending	 <u><u>\$ 434,588</u></u>

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL  
STATEMENT OF NET POSITION  
ENTERPRISE FUND  
JUNE 30, 2013**

	<b>Building Corp Fund</b>
<b>ASSETS</b>	
Current assets:	
Restricted Cash	\$ 9,711
Total current assets	9,711
Non-current assets:	
Capital assets	2,651,546
Accumulated depreciation	(679,547)
Total non-current assets	1,971,999
Total assets	1,981,710
<b>LIABILITIES</b>	
Current liabilities:	
Accrued interest payable	5,350
Notes payable current portion	47,104
Total current liabilities	52,454
Noncurrent liabilities	
Note payable	1,379,702
Total liabilities	1,432,156
<b>NET POSITION</b>	
Net investment in capital assets	554,904
Unrestricted	(5,350)
Total net position	\$ 549,554

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Building Corp Fund</b>
<b>OPERATING REVENUES</b>	
Rental Income	\$ 116,782
Total operating revenues	116,782
<b>OPERATING EXPENSES</b>	
Interest expense	68,876
Maintenance and operations	9,668
Total operating expenses	78,544
Operating income (loss)	38,238
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Debt issuance costs	(30,946)
Depreciation	(69,552)
Total non-operating revenue (expenses)	(100,498)
Change in net position	(62,260)
Net position - beginning	641,632
Prior period adjustment	(29,818)
Net position - beginning, as restated	611,814
Net position - ending	\$ 549,554

The accompanying notes are an integral part of these financial statements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u><b>Building Corp Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from lessee	\$ 116,782
Maintenance and operations	(9,668)
Interest payments on loan	(69,832)
	37,282
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from note payable	1,456,900
Principal payments on loan	(1,453,525)
Debt issuance costs	(30,946)
	(27,571)
Net cash provided (used) by capital and related financing activities	(27,571)
Net increase (decrease) in cash and cash equivalents	9,711
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	\$ 9,711
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 38,238
Change in assets and liabilities:	
(Increase) decrease in accrued expenses	(956)
	(956)
Net cash provided (used) by operating activities	\$ 37,282

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

Mountain View Core Knowledge School (the School) is organized pursuant to the Colorado Charter Schools Act, to form and operate a charter school within School District Fremont RE-1 (the District). The School began operations during the 1996-97 fiscal year.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

*A. REPORTING ENTITY*

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the School.

*Blended component unit.* Mountain View Building Corporation (the Corporation) was organized for the purpose of acquiring, leasing, constructing, improving, equipping and financing various facilities, land, equipment and other improvements in connection with property intended to be leased to the School. The Corporation is reported as an enterprise fund and does not issue separate financial statements.

The School is considered a component unit of the District. The School's charter agreement is approved and may be terminated by the District. In addition, the School is deemed to be fiscally dependent upon the District because the District provides the majority of the support to the School in the form of per pupil operating revenue.

*B. BASIS OF PRESENTATION — GOVERNMENT-WIDE FINANCIAL STATEMENTS*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and enterprise funds.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. *Governmental activities* are normally supported by per pupil revenue and intergovernmental revenues. *Business-type activities* rely to a significant extent on fees and charges to external customers for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. BASIS OF PRESENTATION—FUND FINANCIAL STATEMENTS*

The fund financial statements provide information about the government's funds, including its blended component units. Separate statements for each fund category – governmental and proprietary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

The School reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The School reports the following major proprietary fund:

An *Enterprise Fund* is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Building Corporation is accounted for as an enterprise fund.

During the course of operations the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

*D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (CONTINUED)*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The 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 to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

*Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Restricted Cash and Investments*

Certain cash and investments items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable trust and debt agreements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Capital assets*

Capital assets, which include buildings, leasehold improvements, and vehicles are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is \$5,000. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets or remaining period of the lease, as applicable.

Buildings, leasehold improvements, and vehicles of the government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Leasehold improvements	15 years
Vehicles	5 years

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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

*Accrued Salaries and Benefits*

Salaries and retirement benefits of certain contractually employed personnel are paid over twelve month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Long-term debt*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as a liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Net position flow assumption*

The School may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

*Fund balance classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Fund balance classification (continued)*

Assigned – This classification includes amounts that are constrained by the School’s intent to be used for a specific purpose but are neither restricted or committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

*F. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all state equalization.

*Proprietary funds operating and non-operating revenues and expenses*

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the School’s enterprise funds are rental income. Operating expenses for enterprise funds include interest expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*G. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*H. ADOPTION OF NEW ACCOUNTING STANDARDS*

The School implemented GASB Statement Nos. 63 and 65 effective July 1, 2012. These statements provide guidance on reporting deferred inflows and outflows of resources and net position in a statement of financial position. GASB Statement No. 65 requires debt issuance costs to be recognized as an expense in the period incurred. The adoption of these new standards resulted in a prior period adjustment of \$29,818 to recognize debt issuance costs incurred in the prior periods.

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

*Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. During April, management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level. The fiscal year 2012-13's appropriated budget is based on the general fund. A separate budget was not prepared for the enterprise fund.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual balances result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances. The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

*Cash deposits with financial institutions*

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is 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 102% of the uninsured deposits.

The carrying amount of the School's deposits at June 30, 2013 was \$7,729 and the bank balance was \$33,527. All of the bank balances were covered by federal deposit insurance.

*Investments*

The School is authorized by Colorado statutes to invest in the following:

- ◆ Obligations of the United States and certain U.S. government agencies' securities;
- ◆ Certain international agencies' securities;
- ◆ General obligation and revenue bonds of U.S. local government entities;
- ◆ Bankers' acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market funds;
- ◆ Guaranteed investment contracts.

Credit Risk. State law limits investments to those described above. The School does not have an investment policy that would further limit its investment choices. As of June 30, 2013, Standard & Poor's rated ColoTrust AAAM.

COLOTRUST is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. These investment vehicles operate similarly to money market funds and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares.

The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. However, the School does not categorize investments with COLOTRUST because they are not evidenced by securities that exist in physical or book entry form.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

The restricted and unrestricted cash and cash equivalents at June 30, 2013 consist of the following:

	Unrestricted Cash and Cash <u>Equivalents</u>	Restricted Cash and Cash <u>Equivalents</u>	<u>Total</u>
Deposits	\$ (1,983)	\$ 9,711	\$ 7,728
ColoTrust	<u>300,105</u>	<u>-</u>	<u>300,105</u>
Total deposits and investments	<u>\$ 298,122</u>	<u>\$ 9,711</u>	<u>\$ 307,833</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>Business-type Activities</i>				
Non-depreciable assets:				
Land	\$ 474,460	\$ -	\$ -	\$ 474,460
Depreciable assets:				
Building and improvements	2,146,586	-	-	2,146,586
Vehicles	<u>30,500</u>	<u>-</u>	<u>-</u>	<u>30,500</u>
Total depreciable assets	<u>2,177,086</u>	<u>-</u>	<u>-</u>	<u>2,177,086</u>
Less accumulated depreciation for:				
Building and improvements	579,495	69,552	-	649,047
Vehicles	<u>30,500</u>	<u>-</u>	<u>-</u>	<u>30,500</u>
Total accumulated depreciation	<u>609,995</u>	<u>69,552</u>	<u>-</u>	<u>679,547</u>
Total depreciable assets, net	<u>1,567,091</u>	<u>(69,552)</u>	<u>-</u>	<u>1,497,539</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 2,041,551</u>	<u>\$ (69,552)</u>	<u>\$ -</u>	<u>\$ 1,971,999</u>

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 5 – LONG-TERM LIABILITIES**

*Building and improvements loan*

Principal  
Balance

On October 2, 2012 Mountain View Building Corporation, Inc. took out a mortgage loan to pay off a note dated September 1, 2009 taken out to finance building additions and improvements to the School's building. The October 2, 2012 loan is in the original amount of \$1,456,900 due in monthly installments through October 02, 2017 at an interest rate of 4.50%.

\$ 1,426,806

The changes in long-term debt for the year ended June 30, 2013 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note payable	\$ <u>1,423,432</u>	\$ <u>1,456,900</u>	\$ <u>1,453,526</u>	\$ <u>1,426,806</u>	\$ <u>47,104</u>

Annual debt service requirements to maturity for the note payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 47,104	\$ 64,116
2015	49,298	61,921
2016	51,431	59,789
2017	54,012	57,228
2018	<u>1,224,961</u>	<u>18,573</u>
Total	<u>\$ 1,426,806</u>	<u>\$ 261,627</u>

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6 - DEFINED BENEFIT PENSION PLAN**

*Plan Description*

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

*Funding Policy*

The School is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The contribution rate for members is 8.0 percent and for the School it is 10.15 percent of covered salary. A portion of the School's contribution (1.02 percent of covered salary) is allocated to the Health Care Trust Fund (see Note 7). The School is also required to pay an amortization equalization disbursement (AED) equal to 3.40 percent of the total payroll for the calendar year 2013 (3.00 percent of total payroll for the calendar year 2012, and 2.60 percent of total payroll for the calendar year 2011). Additionally, the School is required to pay a supplemental amortization equalization disbursement (SAED) equal to 3.00 percent of the total payroll for the calendar year 2013 (2.50 percent of total payroll for the calendar year 2012, and 2.00 percent of total payroll for the calendar year ended 2011). For the years ending June 30, 2011, 2012 and 2013 the School's employer contributions to the SDTF were \$96,678, \$99,286 and \$105,713 respectively, equal to their required contributions for the year.

**NOTE 7 - POST-EMPLOYMENT HEALTHCARE BENEFITS**

*Plan Description*

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

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 7 - POST-EMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

*Funding Policy*

The School is required to contribute at a rate of 1.02 percent of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contribution to the HCTF from the defined benefit plan employer contribution (see Note 6) is established under Title 24, Article 51, Section 208 of the C.R.S., as amended. For the years ending June 30, 2011, 2012 and 2013 the School's employer contributions to the HCTF were \$7,431, \$7,140, and \$7,150 respectively, equal to their required contributions for each year.

**NOTE 8 - RISK MANAGEMENT**

The School 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.

The School carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last three fiscal years.

**NOTE 9 – CONCENTRATION OF RISK**

The School is funded directly by School District Fremont RE-1 (the District) based on the District's per pupil funding. For the fiscal year ended June 30, 2013, this funding along with pass-through grant funding accounted for approximately 86% of the School's revenues.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

*Grants*

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse affect on the financial position of the School.

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 11 - AMENDMENT TO COLORADO CONSTITUTION**

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 requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2013 there is a \$46,500 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

**NOTE 12 – COMPLIANCE**

The School has complied with the requirements of the Financial Policies and Procedures Handbook for the 2013 audit period as required by Colorado Statute CRS 22-44-204(3).

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MOUNTAIN VIEW CORE KNOWLEDGE SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Local sources				
Tuition	\$ 61,500	\$ 61,500	\$ 84,718	\$ 23,218
Student activities	20,000	20,000	21,201	1,201
Interest on investments	-	-	585	585
Other local sources	-	-	32,382	32,382
Total local sources	<u>81,500</u>	<u>81,500</u>	<u>138,886</u>	<u>57,386</u>
State sources				
State equalization	1,387,929	1,382,421	1,385,937	3,516
Capital construction grant	21,922	21,922	19,962	(1,960)
Total state sources	<u>1,409,851</u>	<u>1,404,343</u>	<u>1,405,899</u>	<u>1,556</u>
Total revenues	<u>1,491,351</u>	<u>1,485,843</u>	<u>1,544,785</u>	<u>58,942</u>
<b>EXPENDITURES</b>				
Instruction	913,872	913,872	900,456	13,416
Supporting services				
Student support	21,989	21,989	22,777	(788)
Instructional staff	15,325	15,325	12,384	2,941
General administration	69,396	69,396	77,070	(7,674)
School administration	126,887	126,887	124,043	2,844
Business services	16,000	16,000	26,000	(10,000)
Operations and maintenance	274,582	274,582	259,860	14,722
Student transportation	-	-	1,536	(1,536)
Central support service	32,800	32,800	37,733	(4,933)
Community services	-	-	389	(389)
Nutritional services	15,500	15,500	12,954	2,546
Contingency reserve	74,318	74,468	-	74,468
Total expenditures	<u>1,560,669</u>	<u>1,560,819</u>	<u>1,475,202</u>	<u>85,617</u>
Net change in fund balance	(69,318)	(74,976)	69,583	144,559
Fund balance - beginning	299,506	365,005	365,005	-
Fund balance - ending	<u>\$ 230,188</u>	<u>\$ 290,029</u>	<u>\$ 434,588</u>	<u>\$ 144,559</u>

See the accompanying Independent Auditors' Report.