

cPa DIXON, WALLER & CO., INC.

MOFFAT CONSOLIDATED SCHOOL

DISTRICT NO. 2

SAGUACHE COUNTY, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2018

DIXON, WALLER & CO., INC.

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MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2

FINANCIAL STATEMENTS

JUNE 30, 2018

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MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
ROSTER OF SCHOOL OFFICIALS
June 30, 2018

BOARD OF EDUCATION

Ginger Stringer	President
Tina Freel	Vice President
Matthew Crowley	Co - Secretary / Treasurer
Jerry Berry	Co - Secretary / Treasurer

SCHOOL OFFICIALS

Christina Larson	Superintendent
Jodi Anderson	Business Manager

FINANCIAL SECTION

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TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education Moffat Consolidated School District No. 2 Moffat, Colorado 81143

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Moffat Consolidated School District No. 2, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 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 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Moffat Consolidated School District No. 2, as of June 30, 2018, and the respective changes in financial position 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 information and pension and post employment benefit trend data on pages i through x and 45 through 50 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 Moffat Consolidated School District No. 2's basic financial statements. The combining and individual fund financial statements, other schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, other schedules, and state required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and state required schedules, are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

Dixon, Walker & Co., PC.

Trinidad, Colorado
November 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MOFFAT CONSOLIDATED SCHOOL DISTRICT #2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2018

Management's Discussion and Analysis

Moffat Consolidated School District #2 covers approximately 500 square miles in Saguache County located in the south central region of Colorado. The District serves the northeast one-third of Saguache County which includes the communities of Moffat and Crestone. Approximately 217 students are served in educational programs provided through the Moffat PK-12 School and the Crestone Charter School.

The discussion and analysis of the Moffat School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2018 are as follows:

- In total the District's overall net position is \$9,932,318 which represents a decrease of \$1,249,311 from the previous year, as restated. This decrease was created primarily by an increase in the District's unfunded portion of employees' retirement (Colorado PERA). The Net Pension Liability reported increased from \$7,373,564 in 2017 to \$8,317,594 in 2018, increasing the District's noncurrent pension liabilities by \$944,033.
- Revenues of \$3,229,863 were collected during the year in Governmental Funds. These revenues included revenues, taxes, grants and entitlements, general interest and other revenues.
- The District had \$2,872,963 in expenditures. The general revenues (primarily property taxes and State grants and entitlements) of \$3,229,863 were adequate to provide for these expenditures.
- The District's food service expenses exceeded revenues by \$56,989 and a transfer of \$54,244 from the General Fund to Food Service Fund was made. This deficit was \$3,191 less than the previous year's deficit, and it is expected in the coming years that the General Fund will continue to supplement the revenue in the Food Service Fund. Efforts at all levels are made to curb spending and create revenue to eliminate the need for this transfer; however, this is difficult in small school districts due to the economy of size and depressed economic factors as well as increased costs created by State & Federal regulations requiring the use of fresh fruits and vegetables and whole grains.

Overview of the Basic Financial Statements

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Moffat Consolidated School District as a financial whole, or as an entire operating activity. Information for Crestone Charter School has been

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

presented separately as required by the State of Colorado. District and Charter School financials have been combined in this discussion and analysis. The basic financial statements consist of three parts: the management's discussion and analysis (this section), the basic financial statements and required supplementary information.

The basic financial statements include two kinds of statements and present different views of the District. The basic statements are government-wide statements that provide both long-term and short-term information about the District. Fund financial statements provide the next level of detail. For governmental funds, the statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds with all other non-major funds presented in total in a single column. For the Moffat Consolidated School District the General Fund is the most significant fund. The General Fund for Moffat Consolidated School District includes expenditures for the instructional programs, including the Moffat Preschool and the Crestone Charter School. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the reporting entity.

REPORTING THE DISTRICT AS A WHOLE

The District was required to implement GASB 75 resulting in a net Other Post Employment Benefit (OPEB) liability of \$(189,938) at June 30, 2018. Under GASB 75, the District's proportionate share of the net Other Post-Employment Benefits liability of the Health Care Trust Fund (HCTF) of the state retirement system of the Public Employees Retirement Association, is recorded as a liability of the District. At implementation, beginning equity is restated and deferred outflows, inflows and the net Other Post Employment Benefit liability are reported. Beginning Net Position of governmental activities decreased as a result of this change.

Upon implementation of GASB 75, the beginning Net Position of governmental activities decreased \$(168,733) to \$11,181,629 from \$11,350,362 at the end of the previous fiscal year. Fiscal year 2017 financial information has not been restated because some of the comparable information is not available.

Statement of Net Position and Statement of Activities

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2018?" The statement of net position and of activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting. The accrual basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash was received or paid.

Moffat School District #2
 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

The focus of these government-wide statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of a primary government, the district, and its component units, except for fiduciary funds. As described below, the financial statements of the District's fiduciary funds are not included in the government-wide financial statements, because resources of these funds cannot be used to finance the District's activities. However, the financial statements of fiduciary funds are included in the District's financial statements because the District is financially accountable for those resources, even though they belong to other parties.

The two statements report the district's net position and changes in net position. The change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws, enrollment levels, statutorily required reserves, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

Governmental Activities – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the School District's Programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities – Business-type activities are financed to some degree by charging external parties for the goods or services they acquire. The District's Food Service special revenue fund is reported as a business-type activity because the service is provided on a charge for goods or services basis to recover the expenses of the goods and services provided.

A summary of changes in capital assets:

GOVERNMENTAL ACTIVITIES -District 2017-2018

	<i>Balance July 1, 2017</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2018</i>
Non-Depreciable Assets:				
Land	11,906			11,906
Construction in Progress				
Total Non- Depreciable Assets	11,906			11,906

Moffat School District #2
 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Depreciable Assets

Building & Site Improvements	18,193,191	56,440		18,249,631
Equipment & Vehicles	1,283,741	6,214	4,800	1,285,155
Total Depreciable Assets	19,476,932	107,524	4,800	19,534,786
Total Accumulated Depreciation	854,168	603,656	3,430	1,454,394
Total Capital Assets, Net	18,634,670	(541,002)	1,370	18,092,298

GOVERNMENTAL ACTIVITIES –District 2016-2017

	<i>Balance July 1, 2016</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2017</i>
Non-Depreciable Assets:				
Land	11,906			11,906
Construction in Progress	18,205,336	0	18,205,336	0
Total Non-Depreciable Assets	18,217,242	0	18,205,336	11,906

Depreciable Assets

Building & Site Improvements	435,999	17,757,192	0	18,193,191
Equipment & Vehicles	625,728	658,013	0	1,283,741
Total Depreciable Assets	1,061,727	18,415,205	0	19,476,932
Total Accumulated Depreciation	653,267	200,901	0	854,168
Total Capital Assets, Net	18,625,702	18,214,304	18,205,336	18,634,670

Governmental Activities-Component Unit

2017-2018	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Non Depreciable Total	448,458			448,458
Land, Building & Site Improvements	5,715,508	17,315		5,732,823
Equipment & Vehicles	155,092	3,179		158,271
Total Depreciable Assets	5,870,600	20,494		5,891,094

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Less Accumulated Depreciation for:				
Building & Site Improvements	715,710	143,228		858,938
Equipment & Vehicles	77,979	10,895		88,874
Total Accumulated Depreciation	793,689	154,123		947,812
Depreciable Assets Net	5,076,911	(133,629)		4,943,282
Total Capital Assets Net	5,525,369	(133,629)		5,391,740

2016-2017	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Non Depreciable Total	448,458			448,458
Land, Building & Site Improvements	5,715,508			5,715,508
Equipment & Vehicles	142,124	50,398	37,430	155,092
Total Depreciable Assets	5,857,632	50,398	37,430	5,870,600
Less Accumulated Depreciation for:				
Building & Site Improvements	572,428	143,228		715,710
Equipment & Vehicles	108,914	6,495	37,430	77,979
Total Accumulated Depreciation	681,396	149,723	37,430	793,689
Depreciable Assets Net	5,176,236	(99,325)		5,076,911
Total Capital Assets Net	5,624,694	(99,325)		5,525,369

FUND FINANCIAL STATEMENTS

Fund financial reports provide detailed information about the District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the School District's most significant funds. The District's major governmental funds include the General Fund, the Capital Reserve Fund, Capital Projects, Building and the Bond Redemption Fund. Moffat Consolidated School District has two other funds aggregated on the governmental fund financial statements (Food Services Special Revenue and Capital Reserve Capital Projects Funds). Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

The District's fund financial statements are divided into two broad categories, namely (1) governmental funds; and (2) fiduciary funds.

Governmental Funds – The District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements. Moffat Consolidated School District maintains five governmental funds -General, Capital Projects, Building, Food Service and Bond Redemption Fund.

Fiduciary Funds – The Pupil Activity Fund (Trust & Agency Fund) is used to account for assets held for the various clubs and organizations sponsored by the District. Two fiduciary funds are maintained in the District, one each for Moffat School and Crestone Charter School.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Financial Analysis of the District as a Whole

**Moffat Consolidated School District #2
Condensed Statement of Net Position as of June 30, 2017 and 2018**

	2017			2018		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Current & other assets	2,669,856	0	2,669,856	3,114,765	0	3,114,765
Capital Assets	18,634,670	0	18,634,670	18,092,298	0	18,092,298
Total Assets	21,304,526	0	21,304,526	21,207,063	0	21,207,063
Deferred Outflows	2,848,712	0	2,848,712	2,775,875	0	2,775,875
Liabilities	12,230,328	0	12,230,328	13,270,639	0	13,270,639
Deferred Inflows	572,548	0	572,548	779,981	0	779,981
NET Assets Invested in Capital Assets	14,015,430	0	14,015,430	13,675,233	0	13,675,233

Moffat School District #2
 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Restricted	587,568	0	587,568	656,911	0	656,911
Unrestricted	(3,252,636)	0	(3,252,636)	(4,399,826)	0	(4,399,826)
Total Net Assets	11,350,362	0	11,350,362	9,932,318	0	9,932,318

The statement of net position reports all financial and capital resources. The statement presents assets and liabilities in order of relative liquidity. All liabilities reported are current as of June 30, 2018 consisting of accounts payable and accrued salaries and benefits. The difference between the district's assets and liabilities is its net position. The large increase in liabilities is due to the liability for the unfunded PERA requirement.

Financial Analysis of the District's Funds

Governmental Funds

The focus of the District's governmental funds report is to provide information on short-term income, expenses and the balance of spendable resources. This information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a measure of the District's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. Before June 30th of each year the Board of Education approves a budget based on enrollment projections for the coming year. The budget may be revised until December 31st of each year to more accurately reflect anticipated revenue and expenditures as well as student count.

General Fund revenues totaling \$2,681,843 were \$249,873 more than anticipated in the budget. Actual expenditures of \$2,331,961 were \$1,658,546 under the budgeted figure. Moffat Consolidated School District has traditionally budgeted all beginning balances and reserves to allow for expenditure of these funds in case of a catastrophic expense. The \$1,929,175 June 30th fund balance includes reserves for TABOR and accrued salaries. The increase in fund balance of the General Fund over FY 2017-18 is \$195,638.

Capital Projects Fund

The District is utilizing the Capital Projects Fund to set aside funds for capital projects and purchases. As of June 30, 2018 the Fund Balance showed a total of \$271,599, which includes BEST Grant Capital Renewal Reserve of \$24,580. This fund received revenues through a transfer of funds from the General Fund.

Moffat School District #2
 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

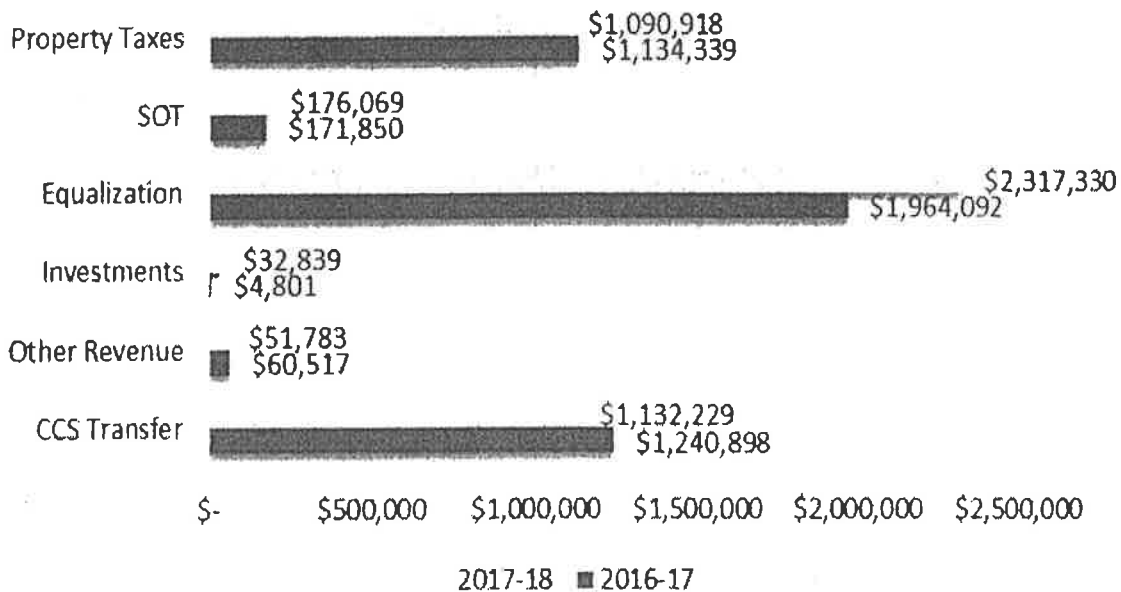
Food Services Special Revenue Fund

The Food Service Fund is the only Special Revenue Fund in the District. Although our student participation in the hot lunch program is high, the small student population creates a challenge in funding and program expenditures exceed revenues. A transfer from the General Fund of \$54,244 allowed this fund to meet its expenditures. It is expected that a transfer of funds to support the Food Service Fund will continue in coming years.

Governmental Activities

The primary source of operating revenue for the school district comes from the School Finance Act of 1994. Each FTE (full-time equivalent) generated \$13,356.74 for the 2017-2018 program, which is \$235.83 per FTE less than during the 2016-2017 school year. The funded pupil count for the District was 219 FTE during FY 2017-2018. The chart below shows the District revenues by revenue source.

Revenue Sources



The Chart Above Shows Revenue Sources for General Fund Only

NOTE: Transfers & CCS PP Revenue are shown as negative amounts. The money goes from the General Fund to other funds.

Moffat School District #2
 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

**Net Cost of Governmental Activities FY 2016-17 and FY 2017-18 Comparison
 Moffat Consolidated School District**

	FY 2016-17		FY 2017-18	
	Expenses	Net Cost of Services	Expenses	Net Cost of Services
Instruction	977,425	836,761	1,621,991	1,399,734
Student Support	68,749	68,749	73,662	73,662
Instructional Staff	50,797	50,797	38,209	38,209
General Administration	253,085	(9,180)	195,744	(15,921)
School Administration	173,931	173,931	148,915	148,915
Business Support	139,543	139,543	143,213	143,213
Operation & Maintenance	283,837	283,837	247,274	247,274
Student Transportation	161,851	131,353	188,227	163,219
Central Support & Other	2,124,993	1,979,141	1,804,365	1,721,480
TOTAL	4,234,211	3,654,932	4,460,600	3,918,785

Bond Redemption

The Bond Redemption Fund is considered a part of the governmental funds and provides the means for repayment of the District's long-term debts. Long-Term Liabilities for general obligation debt are \$4,417,065 not due and payable in the 2018 fiscal year.

Capital Assets

The District began the year with Net Capital Assets of \$19,488,838. Including the Moffat School facility, vehicles, equipment and routine depreciation of assets, the ending balance for the District's Capital Assets is \$19,546,692 as of June 30, 2018.

Economic Factors and Next Year's Budget

The District continues to monitor the economic situation of the local area, surrounding areas and the State. The state of affairs in Colorado has and will continue to cause careful planning. The Colorado legislature has put the burden of reporting the employee's retirement (Colorado PERA) unfunded liability on each district. The District's carryover will allow the School District to act instead of react to

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

the financial woes of the State and Country. Moffat Consolidated School District is the smallest district in the State of Colorado with a charter school. The enrollment at the charter school is approximately 37 percent of the total District student population. This factor creates challenges in budgeting due to economy of size and the splitting of the District's student population. Approximately eighty percent of the District's student population qualifies for free/reduced lunches through the national program. This statistic speaks loudly of our local economic struggles.

Contact the District's Financial Management Team

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it received. If you have questions about this report or would like further financial information, contact the Superintendent or Business Manager, Moffat Consolidated School District #2, PO Box 428, 501 Garfield Avenue, Moffat, CO 81143.

Respectfully Submitted,

Christina Larson, Superintendent

Jodi Anderson, Business Manager

BASIC FINANCIAL STATEMENTS

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
STATEMENT OF NET POSITION
June 30, 2018

	<u>Primary Government</u>		<u>Component</u>
	<u>Governmental</u>		<u>Unit</u>
	<u>Activities</u>	<u>Total</u>	<u>Charter School</u>
ASSETS			
Current Assets			
Cash	818,099	818,099	1,044,057
Investments	2,055,267	2,055,267	-
Property Taxes Receivable	147,985	147,985	-
Accounts Receivable	29,028	29,028	-
Due From Other Governments	46,723	46,723	-
Inventories	3,038	3,038	-
Prepaid Expense	14,625	14,625	-
Total Current Assets	<u>3,114,765</u>	<u>3,114,765</u>	<u>1,044,057</u>
Capital Assets:			
Land	11,906	11,906	448,458
Depreciable Assets	19,534,786	19,534,786	5,891,094
Accumulated Depreciation	(1,454,394)	(1,454,394)	(947,812)
Capital Assets Net of Depreciation	<u>18,092,298</u>	<u>18,092,298</u>	<u>5,391,740</u>
TOTAL ASSETS	<u>21,207,063</u>	<u>21,207,063</u>	<u>6,435,797</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension	2,762,412	2,762,412	1,160,256
Other Post Employment Benefits	13,463	13,463	3,117
Total Deferred Outflow of Resources	<u>2,775,875</u>	<u>2,775,875</u>	<u>1,163,373</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	110,947	110,947	9,089
Due To Other Governments	-	-	46,723
Accrued Salaries Payable	135,172	135,172	54,959
Accrued Interest	15,267	15,267	-
Unearned Grant Payments	56,066	56,066	38,011
General Obligation Bonds – Current	210,526	210,526	-
Total Current Liabilities	<u>527,978</u>	<u>527,978</u>	<u>148,782</u>
Noncurrent Liabilities:			
Compensated Absences	28,590	28,590	-
General Obligation Bonds	4,206,539	4,206,539	-
Net Pension Liability	8,317,594	8,317,594	3,567,282
Net Other Post Employment Benefit Liability	189,938	189,938	81,462
Total Noncurrent Liabilities	<u>12,742,661</u>	<u>12,742,661</u>	<u>3,648,744</u>
TOTAL LIABILITIES	<u>13,270,639</u>	<u>13,270,639</u>	<u>3,797,526</u>
DEFERRED INFLOW OF RESOURCES			
Pension	776,803	776,803	217,953
Other Post Employment Benefits	3,178	3,178	118,133
Total Deferred Inflow of Resources	<u>779,981</u>	<u>779,981</u>	<u>336,086</u>
NET POSITION			
Net Investment in Capital Assets	13,675,233	13,675,233	5,391,740
Restricted for:			
Debt Service	504,362	504,362	-
BEST Grant Reserve	24,580	24,580	150,000
TABOR (Emergencies)	72,875	72,875	37,575
Preschool	29,335	29,335	-
Food Service	25,759	25,759	-
Unrestricted (Deficit)	(4,399,826)	(4,399,826)	(2,113,757)
TOTAL NET POSITION	<u>9,932,318</u>	<u>9,932,318</u>	<u>3,465,558</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>Net (Expenses) Revenue and Changes in Net Position</u>				Component Unit Charter School	
	<u>Program Revenues</u>		<u>Primary Government</u>			Total
	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>		
<u>Expenses</u>						
FUNCTIONS/PROGRAMS						
Primary Government:						
Governmental Activities						
Instruction	1,621,991	2,433	219,824	(1,399,734)	(659,803)	
Student Support	73,662	-	-	(73,662)	(52,210)	
Instructional Staff	38,209	-	-	(38,209)	(4,639)	
General Administration	195,744	211,665	-	15,921	(211,665)	
School Administration	148,915	-	-	(148,915)	(198,173)	
Business Support	142,213	-	-	(142,213)	-	
Operation & Maintenance	247,274	-	-	(247,274)	(62,047)	
Student Transportation	188,227	-	25,008	(163,219)	(35,584)	
Central Support	196,053	-	-	(196,053)	(48,864)	
Food Services	168,847	4,272	76,273	(88,302)	-	
Facilities/Capital Outlay	5,730	-	2,340	(3,390)	15,494	
Interest	188,230	-	-	(188,230)	-	
Net Pension Cost	1,234,585	-	-	(1,234,585)	(673,163)	
Net OPEB Cost	10,920	-	-	(10,920)	(1,089)	
Total Governmental Activities	4,460,600	218,370	321,105	(3,918,785)	(1,931,743)	
Total Primary Government	4,460,600	218,370	321,105	(3,918,785)	(1,931,743)	
General Revenues						
Local Property Taxes				1,090,918	-	
Specific Ownership Taxes				176,069	-	
State Equalization				2,317,330	-	
Non-Specific Intergovernmental				134,134	79,933	
Earnings on Investments				32,839	1,022	
Other Revenue				51,783	18,466	
Loss on Disposition of Assets				(1,370)	-	
Charter Per Pupil Revenue				(1,132,229)	1,132,229	
Total General Revenues & Transfers				2,669,474	1,231,650	
Change in Net Position				(1,249,311)	(700,093)	
Net Position, Beginning (as Restated)				11,181,629	4,165,651	
Net Position, Ending				9,932,318	3,465,558	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Bond Redemption Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	284,638	476,843	56,618	818,099
Investments	1,818,554	-	236,713	2,055,267
Property Taxes Receivable	86,196	61,789	-	147,985
Accounts Receivable	6,773	-	989	7,762
Accrued Revenues	21,266	-	-	21,266
Prepaid Expenses	14,625	-	-	14,625
Inventories	-	-	3,038	3,038
Due From Other Governments	46,723	-	-	46,723
Interfund Receivables	-	-	609	609
<u>Total Assets</u>	<u>2,278,775</u>	<u>538,632</u>	<u>297,967</u>	<u>3,115,374</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
	-	-	-	-
<u>LIABILITIES:</u>				
Accounts Payable	110,947	-	-	110,947
Accrued Salaries Payable	135,172	-	-	135,172
Interfund Payable	609	-	-	609
Unearned Grant Payments	55,457	-	609	56,066
<u>Total Liabilities</u>	<u>302,185</u>	<u>-</u>	<u>609</u>	<u>302,794</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Tax	47,415	34,270	-	81,685
<u>FUND BALANCES:</u>				
Nonspendable:				
Inventories	-	-	3,038	3,038
Prepaid Expenses	14,625	-	-	14,625
Restricted for:				
TABOR (Emergencies)	72,875	-	-	72,875
Preschool	29,335	-	-	29,335
BEST Grant	-	-	24,580	24,580
Debt Service	-	504,362	-	504,362
Food Service	-	-	22,721	22,721
Committed:				
Capital Outlay	-	-	247,019	247,019
Unassigned	1,812,340	-	-	1,812,340
<u>Total Fund Balances</u>	<u>1,929,175</u>	<u>504,362</u>	<u>297,358</u>	<u>2,730,895</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>2,278,775</u>	<u>538,632</u>	<u>297,967</u>	<u>3,115,374</u>

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

**MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2018**

GOVERNMENTAL FUNDS TOTAL FUND BALANCE	2,730,895
Deferred Property Tax Revenue-Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements.	81,685
Capital Assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	19,546,692
Accumulated Depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(1,454,394)
Accrued interest payable is not considered current financial resources and, therefore, not reported in the governmental funds.	(15,267)
Long-Term Liabilities for general obligation debt and compensated absences are not due and payable in the current period and, therefore, not reported in the funds:	
General Obligation Bond	(4,417,065)
Compensated Absences	<u>(28,590)</u>
	(4,445,655)
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(8,317,594)
Net Other Post Employment Benefits Liability	(189,938)
Deferred Outflows	2,775,875
Deferred Inflows	<u>(779,981)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>9,932,318</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	<u>General</u>	<u>Bond Redemption Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	826,393	457,798	-	1,284,191
Intergovernmental	2,660,904	-	78,613	2,739,517
Local Grants	35,424	-	-	35,424
Interest	25,897	4,676	2,266	32,839
Other	265,454	-	4,667	270,121
Allocated Revenues	(1,132,229)	-	-	(1,132,229)
Total Revenues	2,681,843	462,474	85,546	3,229,863
EXPENDITURES				
Current:				
Instruction	1,087,188	-	-	1,087,188
Student Support	73,662	-	-	73,662
Instructional Staff	38,209	-	-	38,209
General Administration	195,744	-	-	195,744
School Administration	148,915	-	-	148,915
Business Services	142,213	-	-	142,213
Operations & Maintenance	246,733	-	-	246,733
Student Transportation	170,938	-	-	170,938
Central Support	171,919	-	-	171,919
Food Services	-	-	137,957	137,957
Community Services	-	-	-	-
Capital Outlay	56,440	-	11,944	68,384
Debt Service:				
Principal Retirements	-	202,175	-	202,175
Interest and Fiscal Charges	-	188,926	-	188,926
Total Expenditures	2,331,961	391,101	149,901	2,872,963
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	349,882	71,373	(64,355)	356,900
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	(154,244)	-	154,244	-
Total Other Financing Sources (Uses)	(154,244)	-	154,244	-
NET CHANGE IN FUND BALANCES	195,638	71,373	89,889	356,900
FUND BALANCES, Beginning	1,733,537	432,989	207,469	2,373,995
FUND BALANCES, Ending	1,929,175	504,362	297,358	2,730,895

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

GOVERNMENTAL FUNDS CHANGES IN FUND BALANCES **356,900**

Governmental funds report capital outlays 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 amount of capital outlay reported as an expenditure in the governmental funds functions.

Current Capital Outlay	62,654	
Less Net Disposition Of Capital Assets	<u>(1,370)</u>	61,284

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of discounts and premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrued in the statement of activities regardless of when it is due. The net effect of these differences follows:

Repayment of Debt Principal	202,175	
Interest Expense	<u>696</u>	202,871

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, the adjustment to these expenses are not reported as expenditures in governmental funds. (4,001)

Deferred Property Tax Inflows-Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. (17,204)

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.

Current Depreciation Expense (603,656)

The increase in net pension liability, along with the changes and amortizations of deferred flows associated with the net pension liability are not recorded at the fund level:

Pension Cost		(1,234,585)
Other Post Employment Benefit Cost		<u>(10,920)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES **(1,249,311)**

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - AGENCY
June 30, 2018

	<u>Student Activity Fund</u>
<u>ASSETS</u>	
Cash	<u>23,877</u>
<u>LIABILITIES</u>	
Accounts Payable	-
Deposits Held for Others	<u>23,877</u>
<u>Total Liabilities</u>	<u>23,877</u>
<u>NET POSITION</u>	
Held in Trust for Others	<u> -</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Moffat Consolidated School District No. 2 of Saguache County was reorganized by a vote of qualified electorate in 1961, under the provisions of the Colorado School Organization Act of 1957.

The District operates under an elected Board of Education with five members and provides educational services to approximately 210 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Moffat Consolidated School District No. 2. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

The discretely presented component units are reported in separate column in the government-wide financial statements to emphasize that they are legally separate from the District.

Discretely Presented Component Unit – Crestone Charter School

The District's charter school is the Crestone Charter School. Charter schools are public schools authorized by the State of Colorado to provide alternatives for parents, pupils, and teachers. The schools have separate governing boards but are fiscally dependent on the District for the majority of funding and their exclusion would render the District's financial statements incomplete. Charter schools are considered non-major component units for external financial reporting purposes. The Crestone Charter School does issue separate financial statements.

This District is not included in any other governmental "reporting entity" as defined GASB No. 14 (as amended by Statement No. 34, No. 39 and No. 61) and other than Crestone Charter School, does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund and Bond Redemption Debt Service Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available to collect within 60 days after year-end.

Property taxes are reported as receivables and deferred inflows when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the Districts own programs.

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- **Major Governmental Funds**
 1. **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
 2. **Bond Redemption Debt Service Fund** – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Fund Accounting (Continued)

- **Trust and Agency Funds** – Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District’s own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

- 1. **Student Activity Fund** – The Student Activity Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. This fund accounts for the transaction of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body.

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2017 but uncollected in 2018 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2018 are recorded as deferred inflows in the fund financial statements, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$3,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-50 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation as recorded in the year of disposition.

I. Long-Term Obligations

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 liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and Capital Reserve Capital Projects Fund.

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 4, 1997 the registered voters approved a ballot resolution authorizing Moffat Consolidated School District No. 2 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Constitutional Amendment (Continued)

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2018, the District reserved \$72,875 and the Charter School reserved \$37,575 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2017 property tax calendar for Saguache County was as follows:

Levy Date	December 22, 2017
Lien Date	January 1, 2018
Tax Bills Mailed	January 1, 2018
First Installment Due	February 28, 2018
Second Installment Due	June 15, 2018
If Paid in Full, Due	April 30, 2018

L. Compensated Absences

Changes in Compensated Absences payable for the year ended June 30, 2018, were as follows:

	<u>Beginning</u> 7/1/2017	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> 6/30/2018
Vacation Payable	7,040	1,953	-	8,993
Sick Leave Payable	17,549	2,048	-	19,597
Total	<u>24,589</u>	<u>4,001</u>	<u>-</u>	<u>28,590</u>

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Interest Expense

All interest expense has been reported as unallocated in the Government-wide financial statements.

O. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Fund Balance Classification Policies and Procedures (Continued)

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO.2
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

O. GASB Statement No. 54 (Continued)

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Food Services Special Revenue Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Inventories	-	3,038	-	-	3,038
Prepaid Expenses	14,625	-	-	-	14,625
Restricted:					
Emergencies	72,875	-	-	-	72,875
Preschool	29,335	-	-	-	29,335
Debt Service	-	-	504,362	-	504,362
Food Service	-	22,721	-	-	22,721
BEST Grant	-	-	-	24,580	24,580
Committed:					
Capital Outlay	-	-	-	247,019	247,019
Unassigned:	<u>1,812,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,812,340</u>
Total Fund Balances	<u>1,929,175</u>	<u>25,759</u>	<u>504,362</u>	<u>271,599</u>	<u>2,730,895</u>

P. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet 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 and the balance sheet 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.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities. The items which were eliminated are as follows:

Governmental Funds – Interfund Receivables / Payables	\$609
Governmental Funds – Interfund Transfers	\$154,244

NOTE 3 **BUDGETARY INFORMATION**

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Trust and Agency Funds.
6. Budgets for the General, Special Revenue, Debt Service, Capital Projects Funds, Trust and Agency Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 **BUDGETARY INFORMATION (Continued)**

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 **CASH AND INVESTMENTS**

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregate uninsured deposits.

At June 30, 2018, the District's bank balance and corresponding carrying balance were as follows:

	District	
	Carrying Balance	Bank Balance
Insured (FDIC)	500,000	500,000
Uninsured, Collateralized Under the Public Deposit Protection Act of the State of Colorado	70,235	232,200
Cash with County Treasurer	271,468	-
Cash on Hand	273	-
<u>Total Cash and Deposits</u>	841,976	732,200

As presented above, deposits with a bank balance of \$232,200 and a carrying balance of \$70,235 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 **CASH AND INVESTMENTS (Continued)**

Investments

At June 30, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Value</u>	<u>Credit Risk Rating</u>
COLOTRUST Plus External Investment Pool	44 Day Average	<u>2,055,267</u>	AAA

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State Law limits the type of investments allowable. The investment of COLOTRUST Plus is rated AAA by Standard and Poor’s.

Concentration of Credit Risk – the District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has no recurring fair value measurements as of June 30, 2018:

- **COLOTRUST** – Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

Governmental Activities - District

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Non Depreciable Assets:</u>				
Land	11,906	-	-	11,906
Construction In Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non Depreciable Assets	<u>11,906</u>	<u>-</u>	<u>-</u>	<u>11,906</u>
<u>Depreciable Assets:</u>				
Buildings &				
Site Improvements	18,193,191	56,440	-	18,249,631
Equipment & Vehicles	<u>1,283,741</u>	<u>6,214</u>	<u>4,800</u>	<u>1,285,155</u>
Total Depreciable Assets	<u>19,476,932</u>	<u>62,654</u>	<u>4,800</u>	<u>19,534,786</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building &				
Site Improvements	322,703	491,377	-	814,080
Equipment & Vehicles	<u>531,465</u>	<u>112,279</u>	<u>3,430</u>	<u>640,314</u>
Total Accumulated	<u>854,168</u>	<u>603,656</u>	<u>3,430</u>	<u>1,454,394</u>
<u>Depreciation</u>	<u>854,168</u>	<u>603,656</u>	<u>3,430</u>	<u>1,454,394</u>
<u>Total Capital Assets, Net</u>	<u>18,634,670</u>	<u>(541,002)</u>	<u>1,370</u>	<u>18,092,298</u>

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

Governmental Activities:

Instruction	530,802
Operations and Maintenance	541
Transportation	17,289
Central Support	24,134
Food Services	<u>30,890</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>603,656</u>

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 **LONG-TERM DEBT**

General Obligation Bonds Payable
Changes in General Obligation Bonds

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due In</u> <u>One Year</u>
Series 2010 G.O. Bonds	539,103	-	32,759	506,344	34,015
Series 2013 G. O. Bonds	<u>4,080,137</u>	-	<u>169,416</u>	<u>3,910,721</u>	<u>176,511</u>
Total GO Bonds Payable	<u>4,619,240</u>	<u>-</u>	<u>202,175</u>	<u>4,417,065</u>	<u>210,526</u>

Series 2013 General Obligation Bonds

This general obligation debt was issued December 9, 2013 for the purpose of construction facilities for the Moffat Consolidated School District No. 2. The Series 2013 Matching Money bonds of \$4,552,677 were used to match \$12,124,993 in State of Colorado – BEST program funds as required under the State of Colorado Building Excellent Schools Today Qualified School Construction Program. The Series 2013 Matching Money bonds were issued at an interest rate 4.1878%.

	<u>Fiscal</u> <u>Year</u>	<u>Rate</u>	<u>Interest</u> <u>Payable</u>	<u>Principal</u> <u>Payable</u>
General Obligation Bonds, Series 2013, Interest Payable June 1 and December 1, Original Bond amount \$4,552,677	2019	4.1878%	160,078	176,511
	2020	4.1878%	152,531	183,903
	2021	4.1878%	144,668	191,604
	2022	4.1878%	136,476	199,628
	2023	4.1878%	127,941	207,988
	2024-2028	4.1878%	498,632	1,178,124
	2029-2033	4.1878%	224,783	1,446,356
	2034	4.1878%	6,839	326,607
			<u>1,451,948</u>	<u>3,910,721</u>

Series 2010 General Obligation Bonds

This general obligation debt was issued April 27, 2010 for the purpose of construction facilities for the Crestone Charter School. The Series 2010 Matching Money bonds of \$726,519 were used to match \$5,327,806 in State of Colorado – BEST program funds as required under the State of Colorado Building Excellent Schools Today Qualified School Construction Program. The Series 2010 Matching Money bonds were issued at an interest rate 3.84%.

	<u>Fiscal</u> <u>Year</u>	<u>Rate</u>	<u>Interest</u> <u>Payable</u>	<u>Principal</u> <u>Payable</u>
General Obligation Bonds, Series 2010, Interest Payable June 1 and December 1, Original Bond amount \$726,519	2019	3.84%	18,774	34,015
	2020	3.84%	17,443	35,321
	2021	3.84%	16,062	36,676
	2022	3.84%	14,628	38,083
	2023	3.84%	13,139	39,544
	2024-2028	3.84%	41,282	221,673
	2029-2030	3.84%	3,912	101,032
			<u>125,240</u>	<u>506,344</u>

Total General Obligation Bonds Payable **4,417,065**

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **PENSION PLAN**

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Moffat Consolidated School District No. 2 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

General Information about the Pension Plan

Plan description. Eligible employees of the Moffat Consolidated School District No. 2 are provided with pensions through the School Division Trust Fund (SCHDTF) - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investment/pera-financial-reports.

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

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7

PENSION PLAN (Continued)

- 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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

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.

Contribution provisions as of June 30, 2018. Eligible employees and Moffat Consolidated School District No. 2 are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA- includable salary. The employer contribution requirements are summarized in the table below.

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2018
Employer Contribution Rate	10.15 %	10.15 %
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f)	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-411	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-411	5.000%	5.50%
Total Employer Contribution Rate to the SCHDTF	18.63%	19.13%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Moffat Consolidated School District No. 2 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Moffat Consolidated School District No. 2 were \$227,614 for the year ended June 30, 2018.

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

At June 30, 2018, the Moffat Consolidated School District No. 2 reported a liability of \$8,317,594 for its proportionate share of the net pension liability. The net pension liability for the SCHDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Moffat Consolidated School District No. 2 proportion of the net pension liability was based on Moffat Consolidated School District No. 2 contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the Moffat Consolidated School District No. 2 proportion was 0.0257 percent, which was an increase of 0.00093 from its proportion measured as of December 31, 2016.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

For the year ended June 30, 2018, the Moffat Consolidated School District No. 2 recognized pension expense of \$1,234,585. At June 30, 2018, the Moffat Consolidated School District No. 2 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	152,926	-
Changes of assumptions or other inputs	2,123,791	(13,477)
Net difference between projected and actual earnings on pension plan investments	164,892	(491,532)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	201,339	(271,794)
Contributions subsequent to the measurement date	119,464	N/A
Total	2,762,412	(776,803)

\$119,464 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2019	1,191,327
2020	757,945
2021	39,756
2022	(122,883)
2023	-
Thereafter	-

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

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

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

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

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

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

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

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

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

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

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Discount rate. The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute. AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

Sensitivity of the Moffat Consolidated School District No. 2 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.78 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.78 percent) or 1-percentage-point higher (6.78 percent) than the current rate:

	1% Decrease (3.78%)	Current Discount Rate (4.78%)	1% Increase (5.78%)
Proportionate share of the net pension liability	10,506,535	8,317,594	6,533,856

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

Changes between the measurement date of the net pension liability and June 30, 2018.

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

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

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 **PENSION PLAN (Continued)**

At June 30 2018, the Moffat Consolidated School District No. 2 reported a liability of \$8,317,594 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the Moffat Consolidated School District No. 2's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	3,757,817

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$3,882,705 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

Defined Contribution Pension Plan

Voluntary Investment Program

Plan Description – Employees of the Moffat Consolidated School District No. 2 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA, Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report 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 and investment earnings. For the year ended June 30, 2018, program members contributed \$1,750.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS**

Defined Benefit And Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Moffat Consolidated School District No. 2 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan Plan description. Eligible employees of the Moffat Consolidated School District No. 2 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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 and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

PERA Benefit Structure

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

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

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Moffat Consolidated School District No. 2 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Moffat Consolidated School District No. 2 were \$12,291 for the year ended June 30, 2018.

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

At June 30, 2018, the Moffat Consolidated School District No. 2 reported a liability of \$189,938 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Moffat Consolidated School District No. 2 proportion of the net OPEB liability was based on Moffat Consolidated School District No. 2 contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Moffat Consolidated School District No. 2 proportion was 0.01462 percent, which was an increase of 0.00058 from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Moffat Consolidated School District No. 2 recognized OPEB expense of \$10,920. At June 30, 2018, the Moffat Consolidated School District No. 2 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	898	-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(3,178)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,195	-
Contributions subsequent to the measurement date	6,370	N/A
Total	13,463	(3,178)

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

\$6,370 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	599
2020	599
2021	599
2022	599
2023	1,393
Thereafter	126

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions 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 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

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

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

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

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

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

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Sensitivity of the Moffat Consolidated School District No. 2 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	184,713	189,938	196,233

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

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 8

OTHER POST EMPLOYMENT BENEFITS (Continued)

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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

Sensitivity of the Moffat Consolidated School District No. 2 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	213,551	189,938	169,785

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The district participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The district does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

The District continues to carry commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

NOTE 10 **INTERFUND BALANCES AND TRANSFERS**

<u>TRANSFERS</u>	<u>Transfer</u> <u>In</u>	<u>Transfer</u> <u>Out</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
<u>Major Governmental Fund</u>				
General Fund	-	154,244	-	609
<u>NonMajor Governmental</u>				
<u>Funds</u>	<u>154,244</u>	<u>-</u>	<u>609</u>	<u>-</u>
	<u>154,244</u>	<u>154,244</u>	<u>609</u>	<u>609</u>

Transfers were made for the purpose of assisting fund operations.

Interfund payables will be repaid within one year.

NOTE 11 **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL**

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom 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 Insurance Reserve Fund.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)**

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, 2018.

An audited summary of the Colorado School District's Pool financial information at June 30, 2017 and for the six months then ended (latest information available) follows:

Total Assets	<u>42,273,940</u>
Total Liabilities	<u>11,655,251</u>
Total Equity	<u>30,618,689</u>
Revenue	7,429,394
Underwriting Expenses	<u>4,126,717</u>
Underwriting Gain (Loss)	3,302,677
Net Investment Income	276,653
Other Income	-
Net Income (Loss) Before Dividend	<u>3,579,330</u>
Dividend	-
Net Income (Loss)	<u>3,579,330</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>235,606</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>30,618,689</u>

NOTE 12 **LITIGATION**

None.

NOTE 13 **SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 14 **JOINT VENTURES**

San Luis Valley Board of Cooperative Educational Services

Not reflected in the accompanying financial statements is the District's participation in the 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.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 14 **JOINT VENTURES (Continued)**

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2018. The joint venture summary audited financial information as of June 30, 2017 is as follows:

Assets and Deferred Outflows	<u>9,109,380</u>
Liabilities and Deferred Inflows	18,838,160
Net Position	<u>(9,728,780)</u>
	<u>9,109,380</u>
Revenues	4,871,297
Expenses	<u>7,183,348</u>
Change in Net Position	<u>(2,312,051)</u>

The equity interest of each member District is not known, nor is the change in such interest. The equity interest will be determined only at the disbanding of the B.O.C.E.S.

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES.

A report may be obtained by contacting San Luis Valley BOCES, P.O. Box 1198, Alamosa, CO 81101.

NOTE 15 **ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2018 are estimated to be \$135,172. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

NOTE 16 **COMPLIANCE WITH BUDGET LAWS**

The actual expenditures of the following fund exceeded its budget and may be in violation of Colorado Budget Law:

Building Capital Projects Fund	\$2,340
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NOTE 17 **RESTATEMENT OF BEGINNING NET POSITION**

The net position of the governmental activities has been restated to reflect the implementation of GASB Statement 75. That statement requires that the District report their portion of any post employment benefit (OPEB) liability, and related deferred flows. The beginning net position of \$11,350,362 has been changed by the net OPEB liability at June 30, 2017 of \$(182,079) and related deferred flows of \$13,346, resulting in a restated beginning net position of \$11,181,629.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

OTHER POST EMPLOYMENT BENEFIT

TREND DATA

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Variance with</u>
	<u>Original & Final</u>	<u>Actual</u>	<u>Final Budget-</u>
			<u>Favorable</u>
			<u>(Unfavorable)</u>
<u>Local Sources</u>			
Property Taxes	628,490	641,202	12,712
Specific Ownership Taxes	125,000	176,069	51,069
Delinquent Taxes & Interest	10,000	9,122	(878)
Earnings on Investments	13,225	25,897	12,672
BOCES Pass Thru Grant	20,000	21,689	1,689
E-Rate	25,000	25,464	464
Charter School Purchased Services	200,000	211,665	11,665
Local Grants	10,000	13,735	3,735
Other Local Sources	40,569	28,325	(12,244)
<u>County Sources</u>			
Mineral Leasing	151	33	(118)
<u>State Sources</u>			
Equalization	2,284,272	2,317,330	33,058
Transportation	24,940	25,008	68
ELPA	974	553	(421)
Small Rural School Supplemental	38,590	38,590	-
READ Act Grant	1,628	1,628	-
Library Grant	3,500	3,500	-
BOCES Pass Thru Grant – G&T	6,526	5,397	(1,129)
Other	-	1,479	1,479
<u>Federal Sources</u>			
Title I	96,226	99,906	3,680
Title II-A	14,029	14,098	69
Every Student Succeeds Act	9,050	1,688	(7,362)
RTTT	159	159	-
REAP Grant	25,000	17,004	(7,996)
Forest Service	-	134,134	134,134
Farm to School	1,000	397	(603)
<u>Allocation to Crestone Charter School</u>	<u>(1,146,359)</u>	<u>(1,132,229)</u>	<u>14,130</u>
<u>TOTAL REVENUES</u>	<u>2,431,970</u>	<u>2,681,843</u>	<u>249,873</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	<u>Budgeted Amount</u> <u>Original & Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>1,137,543</u>	<u>1,087,188</u>	<u>50,355</u>
<u>Supporting Services:</u>			
Students	80,467	73,662	6,805
Instructional Staff	43,152	38,209	4,943
General Administration	232,010	195,744	36,266
School Administration	146,149	148,915	(2,766)
Business Services	143,642	142,213	1,429
Operations and Maintenance	318,117	246,733	71,384
Student Transportation	172,102	170,938	1,164
Central Support	170,301	171,919	(1,618)
Community Services	10,500	-	10,500
Facilities	5,169	56,440	(51,271)
<u>Total Supporting Services</u>	<u>1,321,609</u>	<u>1,244,773</u>	<u>76,836</u>
 <u>Appropriated Reserves</u>	 <u>1,531,355</u>	 <u>-</u>	 <u>1,531,355</u>
 <u>TOTAL EXPENDITURES</u>	 <u>3,990,507</u>	 <u>2,331,961</u>	 <u>1,658,546</u>
 <u>Revenue Over (Under) Expenditures</u>	 <u>(1,558,537)</u>	 <u>349,882</u>	
 <u>Other Financing Sources (Uses)</u>			
Transfers (Out)	(175,000)	(154,244)	20,756
<u>Total Other Financing</u> <u>Sources (Uses)</u>	<u>(175,000)</u>	<u>(154,244)</u>	<u>20,756</u>
 <u>Revenues and Other Financing</u> <u>Sources Over (Under) Expenditures</u> <u>and Other Uses</u>	 <u>(1,733,537)</u>	 <u>195,638</u>	
 <u>FUND BALANCE, Beginning</u>	 <u>1,733,537</u>	 <u>1,733,537</u>	
 <u>FUND BALANCE, Ending</u>	 <u>-</u>	 <u>1,929,175</u>	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset)	0.0257%	0.0248%	0.0232%	0.0254%	0.0269%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$8,317,594	\$7,373,564	\$3,542,767	\$3,447,583	\$3,428,203	-	-	-	-	-
District's covered-employee payroll	\$1,205,004	\$1,159,942	\$1,008,697	\$1,058,958	\$1,093,473	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	690%	636%	351%	326%	314%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	43.96%	43.13%	59.2%	62.80%	64.06%	-	-	-	-	-

The above amounts are for the Primary Government only and do not include amounts for the component unit.

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 227,614	\$ 216,291	\$ 178,711	\$ 179,229	\$ 174,854	\$ 162,336	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (227,614)</u>	<u>\$ (216,291)</u>	<u>\$ (178,711)</u>	<u>\$ (179,229)</u>	<u>\$ (174,854)</u>	<u>\$ (162,336)</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
District's covered-employee payroll	\$1,205,004	\$1,159,942	\$1,008,697	\$1,058,958	\$1,093,473	\$1,073,797	-	-	-	-
Contributions as a percentage of covered-employee payroll	18.89%	18.64%	17.72%	16.93%	15.99%	15.12%	-	-	-	-

The above amounts are for the Primary Government only and do not include amounts for the component unit.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net OPEB liability (asset)	0.0146%	0.0140%	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$189,938	\$182,079	-	-	-	-	-	-	-	-
District's covered-employee-payroll	\$1,205,004	\$1,159,942	-	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.76%	15.70%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%	-	-	-	-	-	-	-	-

The above amounts are for the Primary Government only and do not include amounts for the component unit.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
For The Last 10 Fiscal Years (As Available)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contributions	\$ 12,291	\$ 11,831	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (12,291)</u>	<u>\$ (11,831)</u>	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$1,205,004	\$1,159,942	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	-	-	-	-	-	-	-	-

The above amounts are for the Primary Government only and do not include amounts for the component unit.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Bond Redemption Debt Service Fund

Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

Food Service Fund – this fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.

Capital Projects Fund

Capital Reserve Capital Projects Fund – used to account for the acquisition and construction of major capital facilities funded by the sale of general obligation bonds and other revenues.

Building Fund – used to account for the acquisition and construction of major capital facilities funded by the sale of general obligation bonds and other revenues.

Fiduciary Fund

Agency Fund

Pupil Activity – this fund is used to account for assets held for various clubs and organizations.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
BOND REDEMPTION DEBT SERVICE FUND
For the Year Ended June 30, 2018

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
Property Taxes	442,320	452,871	10,551
Delinquent Taxes	-	4,927	4,927
Earnings on Investments	<u>2,600</u>	<u>4,676</u>	<u>2,076</u>
Total Revenues	<u>444,920</u>	<u>462,474</u>	<u>17,554</u>
<u>EXPENDITURES:</u>			
Principal Expense	297,950	202,175	95,775
Interest Expense	187,376	187,376	-
Other Expense	2,100	1,550	550
Appropriated Reserve	<u>362,804</u>	<u>-</u>	<u>362,804</u>
Total Expenditures	<u>850,230</u>	<u>391,101</u>	<u>459,129</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(405,310)</u>	<u>71,373</u>	
<u>Fund Balances, Beginning</u>	<u>405,310</u>	<u>432,989</u>	
<u>Fund Balances, Ending</u>	<u>-</u>	<u>504,362</u>	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service</u>	<u>Capital Reserve</u>	<u>Building</u>	
<u>ASSETS</u>				
Cash	21,732	34,886	-	56,618
Investments	-	236,713	-	236,713
Accounts Receivable	989	-	-	989
Inventories	3,038	-	-	3,038
Due From Other Funds	-	-	609	609
<u>Total Assets</u>	<u>25,759</u>	<u>271,599</u>	<u>609</u>	<u>297,967</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	-	-	-	-
Unearned Grant Payments	-	-	609	609
Due To Other Funds	-	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>609</u>	<u>609</u>
 <u>Fund Balances</u>				
Nonspendable:				
Inventories	3,038	-	-	3,038
Restricted:				
BEST Grant	-	24,580	-	24,580
Food Services	22,721	-	-	22,721
Committed:				
Capital Outlay	-	247,019	-	247,019
Unassigned	-	-	-	-
<u>Total Fund Balances</u>	<u>25,759</u>	<u>271,599</u>	<u>-</u>	<u>297,358</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>				
	<u>25,759</u>	<u>271,599</u>	<u>609</u>	<u>297,967</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service</u>	<u>Capital Reserve</u>	<u>Building</u>	
<u>REVENUES</u>				
Local Sources	4,695	2,238	-	6,933
State Sources	492	-	2,340	2,832
Federal Sources	<u>75,781</u>	-	-	<u>75,781</u>
<u>Total Revenues</u>	<u>80,968</u>	<u>2,238</u>	<u>2,340</u>	<u>85,546</u>
<u>EXPENDITURES</u>				
Food Services	137,957	-	-	137,957
Capital Outlay	-	<u>9,604</u>	<u>2,340</u>	<u>11,944</u>
<u>Total Expenditures</u>	<u>137,957</u>	<u>9,604</u>	<u>2,340</u>	<u>149,901</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(56,989)</u>	<u>(7,366)</u>	-	<u>(64,355)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	<u>54,244</u>	<u>100,000</u>	-	<u>154,244</u>
<u>Total Other Financing Sources (Uses)</u>	<u>54,244</u>	<u>100,000</u>	-	<u>154,244</u>
<u>REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES) AND EXPENDITURES</u>	<u>(2,745)</u>	<u>92,634</u>	-	<u>89,889</u>
<u>FUND BALANCES, Beginning</u>	<u>28,504</u>	<u>178,965</u>	-	<u>207,469</u>
<u>FUND BALANCES, Ending</u>	<u>25,759</u>	<u>271,599</u>	-	<u>297,358</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOOD SERVICE – SPECIAL REVENUE FUND
For the Year Ended June 30, 2018

	<u>Budget Amounts</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original & Final</u>		
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	7,000	4,272	(2,728)
Interest Earnings	30	28	(2)
Other	<u>-</u>	<u>395</u>	<u>395</u>
<u>Total Local Sources</u>	<u>7,030</u>	<u>4,695</u>	<u>(2,335)</u>
<u>State Sources</u>			
State Match	<u>492</u>	<u>492</u>	<u>-</u>
<u>Total State Sources</u>	<u>492</u>	<u>492</u>	<u>-</u>
<u>Federal Sources</u>			
School Lunches	74,000	68,094	(5,906)
Fresh Fruits and Vegetables	5,500	3,773	(1,727)
Commodities	<u>-</u>	<u>3,914</u>	<u>3,914</u>
<u>Total Federal Sources</u>	<u>79,500</u>	<u>75,781</u>	<u>(3,719)</u>
<u>TOTAL REVENUES</u>	<u>87,022</u>	<u>80,968</u>	<u>(6,054)</u>
<u>EXPENDITURES</u>			
Salaries	55,150	53,054	2,096
Employee Benefits	23,348	22,711	637
Purchased Services – Professional	2,100	807	1,293
Purchased Services - Other	1,500	660	840
Supplies	8,500	2,242	6,258
Food and Milk	59,835	58,483	1,352
Appropriated Reserves	<u>33,434</u>	<u>-</u>	<u>33,434</u>
<u>TOTAL EXPENDITURES</u>	<u>183,867</u>	<u>137,957</u>	<u>45,910</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(96,845)</u>	<u>(56,989)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	<u>75,000</u>	<u>54,244</u>	<u>(20,756)</u>
<u>REVENUES AND SOURCES OVER (UNDER)</u>			
<u>EXPENDITURES AND USES</u>	<u>(21,845)</u>	<u>(2,745)</u>	
<u>FUND BALANCE, Beginning</u>	<u>21,845</u>	<u>28,504</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>25,759</u>	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL RESERVE – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2018

	<u>Budget Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES:</u>			
Earnings on Investments	<u>300</u>	<u>2,238</u>	<u>1,938</u>
<u>Total Revenues</u>	<u>300</u>	<u>2,238</u>	<u>1,938</u>
<u>EXPENDITURES:</u>			
Building Improvements	100,000	-	100,000
Equipment	7,611	9,604	(1,993)
Transportation	50,000	-	50,000
Appropriated Reserve	<u>174,500</u>	<u>-</u>	<u>174,500</u>
<u>Total Expenditures</u>	<u>332,111</u>	<u>9,604</u>	<u>322,507</u>
<u>Revenues Over (Under) Expenditures</u>	(331,811)	(7,366)	
<u>Other Operating Sources (Uses)</u>			
Operating Transfers In (Out)	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<u>Net Change in Fund Balance</u>	(231,811)	92,634	
<u>Fund Balance, Beginning</u>	<u>231,811</u>	<u>178,965</u>	
<u>Fund Balance, Ending</u>	<u>-</u>	<u>271,599</u>	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
BUILDING– CAPITAL PROJECTS FUND
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>REVENUES:</u>			
State Source Best Grant	—	<u>2,340</u>	<u>2,340</u>
<u>Total Revenues</u>	—	<u>2,340</u>	<u>2,340</u>
<u>EXPENDITURES:</u>			
Equipment	—	<u>2,340</u>	<u>(2,340)</u>
<u>Total Expenditures</u>	—	<u>2,340</u>	<u>(2,340)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	-	-	
<u>FUND BALANCE, Beginning</u>	—	—	
<u>FUND BALANCE, Ending</u>	—	—	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND – AGENCY
For the Year Ended June 30, 2018

	<u>Balance</u> <u>7-1-2017</u>	<u>Moffat</u> <u>Agency Fund</u>		<u>Balance</u> <u>6-30-2018</u>
		<u>Additions</u>	<u>Deductions</u>	
<u>ASSETS</u>				
Cash and Investments	<u>20,323</u>	<u>27,341</u>	<u>23,787</u>	<u>23,877</u>
<u>LIABILITIES</u>				
Accounts Payable	-	-	-	-
Deposits Held for Others	<u>20,323</u>	<u>27,341</u>	<u>23,787</u>	<u>23,877</u>
<u>Total Liabilities</u>	<u>20,323</u>	<u>27,341</u>	<u>23,787</u>	<u>23,877</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
SCHEDULE OF ADDITIONS AND DEDUCTIONS
BUDGET (GAAP BASIS) AND ACTUAL
FIDUCIARY FUND - AGENCY
For the Year Ended June 30, 2018

	<u>Moffat Student Activity Fund</u>		Variance with Final Budget- Favorable (Unfavorable)
	<u>Budgeted Amounts Original & Final</u>	<u>Actual</u>	
<u>ADDITIONS</u>			
Local Receipts	<u>100,000</u>	<u>27,341</u>	<u>(72,659)</u>
<u>DEDUCTIONS</u>			
Disbursements	<u>120,000</u>	<u>23,787</u>	<u>96,213</u>
<u>CHANGES IN DUE TO STUDENT GROUPS</u>	<u>(20,000)</u>	<u>3,554</u>	
<u>DUE TO STUDENT GROUPS, Beginning</u>	<u>20,000</u>	<u>20,323</u>	
<u>DUE TO STUDENT GROUPS, Ending</u>	<u>=</u>	<u>23,877</u>	

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

**CRESTONE CHARTER SCHOOL
COMPONENT UNIT**

General Fund – is used to fund a Charter School’s operation such as instruction, instructional support and ongoing facility cost. Revenues in addition to revenue allocations from the general fund, may include interest income, local revenue and grant receipts.

Capital Reserve Capital Projects Fund – is used to account for the construction and improvement of District buildings, including the acquisition of sites, equipment, and vehicles.

Pupil Activity Fund – is used to account for assets held for various clubs and organizations.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
CRESTONE CHARTER SCHOOL
COMBINING BALANCE SHEET
June 30, 2018

	<u>Governmental Funds</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>General</u>	<u>Capital Reserve</u>	<u>Total</u>	<u>Student</u>	
	<u>Fund</u>	<u>Capital</u>	<u>Governmental</u>	<u>Activity</u>	
		<u>Projects</u>	<u>Fund</u>	<u>Fund</u>	
		<u>Fund</u>			
<u>ASSETS</u>					
Cash	892,453	151,604	1,044,057	13,528	1,057,585
Accounts Receivable	-	-	-	-	-
<u>Total Assets</u>	<u>892,453</u>	<u>151,604</u>	<u>1,044,057</u>	<u>13,528</u>	<u>1,057,585</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	-	-	-	-	-
<u>LIABILITIES</u>					
Accounts Payable	9,089	-	9,089	-	9,089
Accrued Salaries	54,959	-	54,959	-	54,959
Unearned Grant Payments	38,011	-	38,011	-	38,011
Due To Other Governments	46,723	-	46,723	-	46,723
Due To Others	-	-	-	13,528	13,528
<u>Total Liabilities</u>	<u>148,782</u>	<u>-</u>	<u>148,782</u>	<u>13,528</u>	<u>162,310</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	-	-	-	-	-
<u>FUND BALANCES:</u>					
Restricted:					
TABOR (Emergencies)	37,575	-	37,575	-	37,575
BEST Grant	-	150,000	150,000	-	150,000
Committed:					
Capital Outlay	-	1,604	1,604	-	1,604
Unassigned	706,096	-	706,096	-	706,096
<u>Total Fund Balances</u>	<u>743,671</u>	<u>151,604</u>	<u>895,275</u>	<u>-</u>	<u>895,275</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</u>	<u>892,453</u>	<u>151,604</u>	<u>1,044,057</u>	<u>13,528</u>	<u>1,057,585</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
CRESTONE CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018

	<u>Governmental Funds</u>			<u>Fiduciary Fund</u> <u>Student Activity Fund</u>
	<u>General Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Total Governmental Fund</u>	
<u>REVENUES</u>				
Local Sources	55,645	139	55,784	20,302
State Sources	64,455	-	64,455	-
Federal Sources	90,486	-	90,486	-
Allocation from Moffat School	<u>1,132,229</u>	<u>-</u>	<u>1,132,229</u>	<u>-</u>
<u>TOTAL REVENUES</u>	<u>1,342,815</u>	<u>139</u>	<u>1,342,954</u>	<u>20,302</u>
<u>EXPENDITURES</u>				
Instruction	<u>600,687</u>	<u>-</u>	<u>600,687</u>	<u>-</u>
Support Services:				
Student Support	52,210	-	52,210	-
Instructional Staff	4,639	-	4,639	-
General Administration	211,665	-	211,665	-
School Administration	198,173	-	198,173	-
Operations & Maintenance	60,508	-	60,508	-
Student Transportation	25,548	-	25,548	-
Central Support	48,864	-	48,864	-
Facilities	32,872	-	32,872	-
Capital Outlay	-	-	-	-
Student Activity	-	-	-	10,481
<u>Total Support Services</u>	<u>634,479</u>	<u>-</u>	<u>634,479</u>	<u>10,481</u>
<u>TOTAL EXPENDITURES</u>	<u>1,235,166</u>	<u>-</u>	<u>1,235,166</u>	<u>10,481</u>
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>107,649</u>	<u>139</u>	<u>107,788</u>	<u>9,821</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfer In (Out)	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES AND OTHER</u>				
<u>SOURCES (USES)</u>	77,649	30,139	107,788	9,821
<u>FUND BALANCE, Beginning</u>	<u>666,022</u>	<u>121,465</u>	<u>787,487</u>	<u>-</u>
<u>FUND BALANCE, Ending</u>	<u>743,671</u>	<u>151,604</u>	<u>895,275</u>	<u>-</u>
<u>DUE TO OTHERS, Beginning</u>				<u>3,707</u>
<u>DUE TO OTHERS, Ending</u>				<u>13,528</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
CRESTONE CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Earnings on Investments	550	883	333
Local Grants	40,000	36,296	(3,704)
Other Local Sources	10,000	18,466	8,466
<u>Total Local Sources</u>	<u>50,550</u>	<u>55,645</u>	<u>5,095</u>
<u>State Sources</u>			
State Capital Construction Grant	21,660	27,872	6,212
Read Act	4,884	4,529	(355)
Gifted and Talented BOCES	-	671	671
Small Rural School Grant	31,000	31,383	383
<u>Total State Sources</u>	<u>57,544</u>	<u>64,455</u>	<u>6,911</u>
<u>Federal Source</u>			
REAP Grant	6,455	6,553	98
Forest Reserve	-	79,933	79,933
BOCES -Title II-A	10,796	4,000	(6,796)
<u>Total Federal Sources</u>	<u>17,251</u>	<u>90,486</u>	<u>73,235</u>
<u>Allocation from Moffat School</u>	<u>1,120,183</u>	<u>1,132,229</u>	<u>12,046</u>
<u>Total Revenues</u>	<u>1,245,528</u>	<u>1,342,815</u>	<u>97,287</u>
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>605,150</u>	<u>600,687</u>	<u>4,463</u>
<u>Supporting Services:</u>			
Student Support	51,170	52,210	(1,040)
Instructional Staff	4,000	4,639	(639)
General Administration	209,606	211,665	(2,059)
School Administration	196,278	198,173	(1,895)
Operations and Maintenance	62,968	60,508	2,460
Student Transportation	15,523	25,548	(10,025)
Central Support	48,662	48,864	(202)
Facilities	21,660	32,872	(11,212)
<u>Total Support Services</u>	<u>609,867</u>	<u>634,479</u>	<u>(24,612)</u>
<u>Appropriated Reserves</u>	<u>666,329</u>	<u>-</u>	<u>666,329</u>
<u>Total Expenditures</u>	<u>1,881,346</u>	<u>1,235,166</u>	<u>646,180</u>

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
CRESTONE CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original & Final</u>		
<u>Revenues Over (Under) Expenditures</u>	(635,818)	107,649	
<u>Other Financing Sources (Uses)</u>			
Operating Transfers (Out)	(30,000)	(30,000)	-
<u>Total Other Financing Sources (Uses)</u>	(30,000)	(30,000)	-
<u>Revenues Over Expenditures and Other Financing Uses</u>	(665,818)	77,649	
<u>FUND BALANCE, Beginning</u>	665,818	666,022	
<u>FUND BALANCE, Ending</u>	-	743,671	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
CRESTONE CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL RESERVE – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original & Final</u>		
<u>REVENUES:</u>			
Earnings on Investments	<u>120</u>	<u>139</u>	<u>19</u>
<u>Total Revenues</u>	<u>120</u>	<u>139</u>	<u>19</u>
<u>EXPENDITURES:</u>			
Appropriated Reserve	<u>98,739</u>	<u>-</u>	<u>98,739</u>
<u>Total Expenditures</u>	<u>98,739</u>	<u>-</u>	<u>98,739</u>
<u>Revenues Over (Under) Expenditures</u>	(98,619)	139	
<u>Other Operating Sources (Uses)</u>			
Operating Transfers In (Out)	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<u>Net Change in Fund Balance</u>	(68,619)	30,139	
<u>FUND BALANCE, Beginning</u>	<u>68,619</u>	<u>121,465</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>151,604</u>	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
CRESTONE CHARTER SCHOOL
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND – AGENCY
For the Year Ended June 30, 2018

	<u>Balance</u> <u>7-1-2017</u>	<u>Crestone</u> <u>Agency Fund</u>		<u>Balance</u> <u>6-30-2018</u>
		<u>Additions</u>	<u>Deductions</u>	
<u>ASSETS</u>				
Cash and Investments	<u>3,707</u>	<u>20,302</u>	<u>10,481</u>	<u>13,528</u>
<u>LIABILITIES</u>				
Deposits Held for Others	<u>3,707</u>	<u>20,302</u>	<u>10,481</u>	<u>13,528</u>

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
CRESTONE CHARTER SCHOOL
SCHEDULE OF CHANGES IN ADDITIONS AND DEDUCTIONS
BUDGET (GAAP BASIS) AND ACTUAL
FIDUCIARY FUND – AGENCY
For the Year Ended June 30, 2018

	<u>Crestone Agency Funds</u>		<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Budgeted Amounts Original & Final</u>	<u>Actual</u>	
<u>ADDITIONS</u>			
Local Receipts	<u>100,018</u>	<u>20,302</u>	<u>(79,716)</u>
<u>DEDUCTIONS</u>			
Disbursements	<u>103,724</u>	<u>10,481</u>	<u>93,243</u>
<u>CHANGES IN DUE TO STUDENT GROUPS</u>	<u>(3,706)</u>	<u>(9,821)</u>	
<u>DUE TO STUDENT GROUPS, Beginning</u>	<u>3,706</u>	<u>3,707</u>	
<u>DUE TO STUDENT GROUPS, Ending</u>	<u>-</u>	<u>13,528</u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 2800 - MOFFAT 2
 Fiscal Year 2017-18
 Colorado School District/BOCES

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	5700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	1,679,912		2,413,853		2,193,925		1,899,840
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	53,625		113,746		136,035		29,335
Sub-Total	1,733,537		2,527,599		2,331,961		1,929,175
11 Charter School Fund	666,022		1,312,815		1,235,166		743,671
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
21 Food Service Spec. Revenue Fund	28,504		135,212		137,957		25,759
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	0		0		0		0
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	432,989		462,474		391,100		504,362
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		3,340		2,340		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	300,130		122,376		9,604		423,204
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	3,151,481		4,572,817		4,108,177		3,665,171
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
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	24,030		47,643		34,267		37,405
79 GASB 34/Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	24,030		47,643		34,267		37,405
FINAL							



Colorado Department of Education
Bolded Balance Sheet Report
 District: 2800 - MOFFAT 2
 Fiscal Year 2017-18
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debit Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
Cash and Investments (8100-8104,8111)	1,832,684	892,453	44,576	0	0	21,732	431,308	423,204	0	0	0	37,405	0	3,683,362
Cash with Fiscal Agent (8105)	225,933	0	0	0	0	0	45,535	0	0	0	0	0	0	271,468
Taxes Receivable (8121,8122)	86,196	0	0	0	0	0	61,789	0	0	0	0	0	0	147,985
Interfund Loans Receivable (8131,8132)	0	0	1,833	0	0	0	0	609	0	0	0	0	0	2,442
Intergovernmental Accounts Rec (8141)	46,723	0	0	0	0	990	0	0	0	0	0	0	0	47,713
Grants Accounts Receivable (8142)	21,266	0	0	0	0	0	0	0	0	0	0	0	0	21,266
Other Receivables (8151-8154,8161)	6,773	0	0	0	0	0	0	0	0	0	0	0	0	6,773
Inventories (8171,8172,8173)	0	0	0	0	0	3,038	0	0	0	0	0	0	0	3,038
Prepaid Expenses 8181,8182)	14,625	0	0	0	0	0	0	0	0	0	0	0	0	14,625
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	2,234,200	892,453	46,409	0	0	25,759	538,632	423,813	0	0	0	37,405	0	4,198,672

Governmental

Proprietary

Fiduciary

LIABILITIES & FUND EQUITY

	Charter School Fund		Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Totals
	General Funds 10,12-18	11												
Interfund Payables (7401,7402)	2,442	0	0	0	0	0	0	0	0	0	0	0	0	2,442
Intergovernmental Payables (7411)	0	46,723	0	0	0	0	0	0	0	0	0	0	0	46,723
Other Payables (7421-7423)	101,637	9,089	9,310	0	0	0	0	0	0	0	0	0	0	120,037
Accrued Expenses (7461)	127,408	54,959	7,764	0	0	0	0	0	0	0	0	0	0	190,131
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	55,457	38,011	0	0	0	0	0	609	0	0	0	0	0	94,077
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	47,415	0	0	0	0	0	34,270	0	0	0	0	0	0	81,685
Total Liabilities	334,960	148,782	17,074	0	0	0	34,270	609	0	0	0	0	0	535,095

Governmental

Proprietary

Fiduciary

FUND EQUITY	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals			
Non-spendable Fund Balance 6710	14,625	0	0	0	0	3,038	0	0	0	0	0	0	0	0	17,663			
Restricted Fund Balance 6720	0	0	0	0	0	22,721	504,362	0	0	0	0	0	0	0	527,084			
TABOR 3% Emergency Reserve 6721	72,875	37,575	0	0	0	0	0	0	0	0	0	0	0	0	110,450			
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Colorado Preschool Program (CPP) Reserve 6724	0	0	29,335	0	0	0	0	0	0	0	0	0	0	0	29,335			
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
BEST Capital Reserve 6727	0	0	0	0	0	0	0	174,580	0	0	0	0	0	0	174,580			
Committed Fund Balance 6750	0	0	0	0	0	0	0	248,624	0	0	0	0	0	0	248,624			
Assigned Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Unassigned Fund Balance 6770	1,812,340	706,096	0	0	0	0	0	0	0	0	0	37,405	0	2,555,841				
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total Fund Equity	1,899,840	743,671	29,335	0	0	25,759	504,362	423,204	0	0	0	37,405	0	3,663,576				

FUND EQUITY	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals			
Total Liabilities & Fund Equity	2,234,200	892,453	46,409	0	0	25,759	538,632	423,813	0	0	0	37,405	0	4,198,672				

FUND EQUITY	Governmental										Proprietary					Fiduciary		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals			
Total Liabilities & Fund Equity	2,234,200	892,453	46,409	0	0	25,759	538,632	423,813	0	0	0	37,405	0	4,198,672				

For Each Fund Type:
Do Assets=Liability+Fund Equity