

cPa DIXON, WALLER & CO., INC.

MOFFAT CONSOLIDATED SCHOOL

DISTRICT NO. 2

SAGUACHE COUNTY, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2017

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2

FINANCIAL STATEMENTS

JUNE 30, 2017

	<u>Page</u>
Title Page	
Table of Contents	
Roster of Officials	
<u>FINANCIAL SECTION:</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis.....	i-x
<u>BASIC FINANCIAL STATEMENTS:</u>	
Government Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	5
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	8

Fund Financial Statements (Continued):

Page

Statement of Fiduciary Net Position.....	9
Notes to Basic Financial Statements.....	10-35

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Major Governmental Funds:

General Fund	36-37
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Pension Trend Data:

Schedule of Proportionate Share of Net Pension Liability.....	38
Schedule of District Contributions.....	39

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual:

Bond Redemption - Debt Service Fund.....	40
Combining Balance Sheet - Nonmajor Governmental Funds.....	41
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Governmental Funds	42
Food Services - Special Revenue Fund.....	43
Capital Reserve - Capital Projects Fund.....	44
Building Fund - Capital Projects.....	45

Fiduciary Funds - Agency:

Schedule of Changes in Assets and Liabilities	46
Schedule of Additions and Deductions - Budget (GAAP Basis) and Actual.....	47

Crestone Charter School:

Combining Balance Sheet.....	48
Combining Statements of Revenues, Expenditures and Changes In Fund Balances	49

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual:

General Fund	50-51
Capital Reserve – Capital Projects Fund.....	52
Fiduciary Funds Agency:	
Schedule of Changes in Assets and Liabilities	53
Schedule of Additions and Deductions – Budget (GAAP Basis) and Actual.....	54

STATE REQUIRED SCHEDULES:

Auditor’s Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)	55
Bolded Balance Sheet.....	56-58

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
ROSTER OF SCHOOL OFFICIALS
June 30, 2017

BOARD OF EDUCATION

Jerry Berry	President
Tina Frecl	Vice President
Matthew Crowley	Secretary / Treasurer
Kevin Pesenecker	Member
Ginger Stringer	Member

SCHOOL OFFICIALS

Christina Larson	Superintendent
Jodi Anderson	Business Manager

FINANCIAL SECTION

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(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, 2017, 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, 2017, 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 trend data on pages i through x and 36 through 39 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., P.C.

Trinidad, Colorado
November 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MOFFAT CONSOLIDATED SCHOOL DISTRICT #2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2017

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 201 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, 2017. 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, 2017 are as follows:

- In total the District's overall net position is \$11,350,362 which represents a decrease of \$1,544,563 from the previous year. This decrease was created by the requirement for the District to report the unfunded portion of employees' retirement (Colorado PERA) as a liability. The Net Pension Liability reported increased from \$3,542,767 in 2016 to \$7,373,564 in 2017, increasing the District's noncurrent pension liabilities by \$3,830,797.
- Revenues of \$2,683,242 were collected during the year in Governmental Funds. These revenues included revenues, taxes, grants and entitlements, general interest and other revenues.
- The District had \$2,798,482 in expenditures. The general revenues (primarily property taxes and State grants and entitlements) of \$2,683,242 along with fund carryovers, were adequate to provide for these expenditures.
- The District's food service expenses exceeded revenues by \$55,452 and a transfer of \$49,516 from the General Fund to Food Service Fund was made. While this deficit was \$8,744 less than the previous year's deficit, 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

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

financial whole, or as an entire operating activity. Information for Crestone Charter School has been 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

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 2017?" 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.

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

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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 2015-2016

	<i>Balance July 1, 2015</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2016</i>
Non-Depreciable Assets:				
Land	11,906			11,906
Construction in Progress	14,241,930	3,963,406		18,205,336
Total Non- Depreciable Assets	14,253,836	3,963,406		18,217,242
Depreciable Assets				
Building & Site Improvements	3,251,036		2,815,037	435,999
Equipment & Vehicles	654,984	107,524	136,780	625,728
Equipment Food Services	100,601	0	100,601	0
Total Depreciable Assets	4,006,621	107,524	3,052,418	1,061,727
Total Accumulated Depreciation	2,041,018	65,694	1,453,445	653,267
Total Capital Assets, Net	16,219,439	4,005,236	1,598,973	18,625,702

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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	18,193,191
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

2015-2016	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Non Depreciable Total	448,458			448,458
Land, Building & Site Improvements	5,736,508		21,000	5,715,508
Equipment & Vehicles	209,084		66,960	142,124
Total Depreciable Assets	5,945,592		87,960	5,857,632
Less Accumulated Depreciation for:	439,604	143,228	10,350	572,482
Building & Site Improvements	167,679	4,595	63,360	108,914
Equipment & Vehicles	167,679	4,595	63,360	108,914
Total Accumulated Depreciation	607,283	147,823	73,710	681,396
Depreciable Assets Net	5,338,309	(147,823)	14,250	5,176,236
Total Capital Assets Net	5,786,767	(147,823)	14,250	5,624,694

Moffat School District #2
 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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 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.

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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 2016**

	2016			2017		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Current & other assets	2,859,294	0	2,859,294	2,669,856	0	2,669,856
Capital Assets	18,625,702	0	18,625,702	18,634,670	0	18,634,670
Total Assets	21,484,996	0	21,484,996	21,304,526	0	21,304,526
Deferred Outflows	436,485	0	436,485	2,848,712	0	2,848,712
Liabilities	8,668,491	0	8,668,491	12,230,328	0	12,230,328
Deferred Inflows	358,065	0	358,065	572,548	0	572,548
NET Assets Invested						
in Capital Assets	13,812,308	0	13,812,308	14,015,430	0	14,015,430
Restricted	599,245	0	599,245	587,568	0	587,568
Unrestricted	(1,516,628)	0	(1,516,628)	(3,252,636)	0	(3,252,636)
Total Net Assets	12,894,925	0	12,894,925	11,350,362	0	11,350,362

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, 2017 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 \$2,085,791 were \$29,030 less than anticipated in the budget. Actual expenditures of \$2,064,046 were \$1,384,639 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 \$1,733,537 June 30th fund balance includes reserves for TABOR and accrued salaries. The decrease in fund balance of the General Fund over FY 2016-17 is \$67,771.

Capital Projects Fund

The District is utilizing the Capital Projects Fund to set aside funds for capital projects and purchases. As of June 30, 2017 the Fund Balance showed a total of \$178,965, which includes BEST Grant Capital Renewal Reserve of \$10,800. This fund received revenues through a transfer of funds from the General Fund.

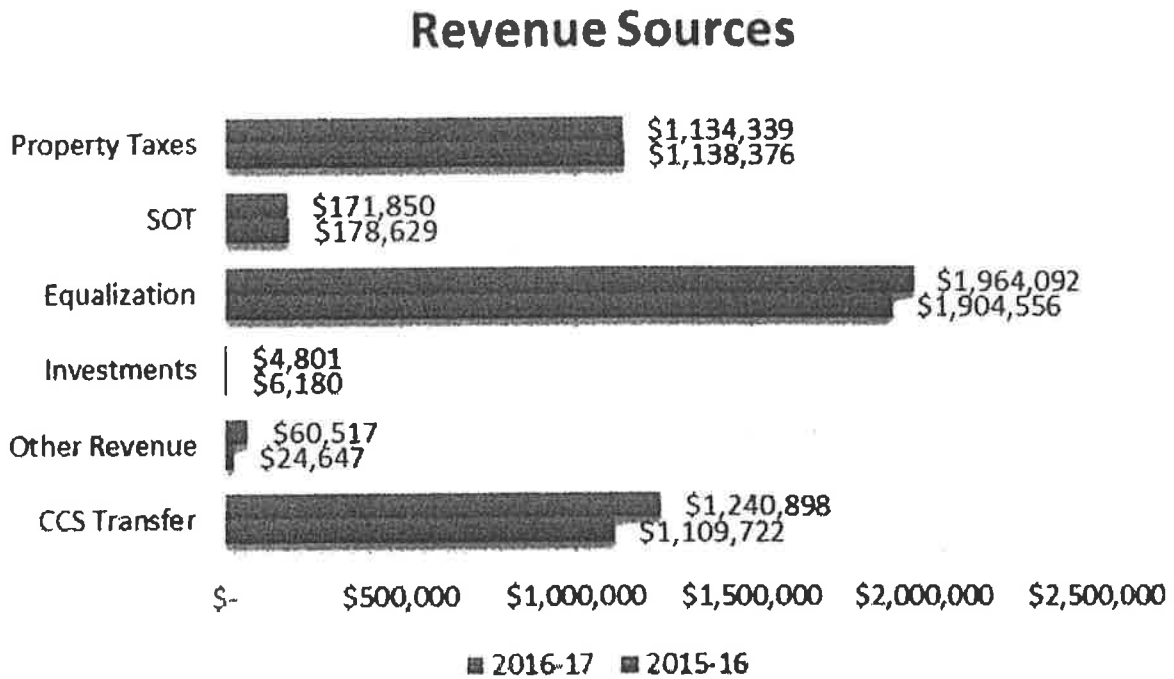
Food Services Special Revenue Fund

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 \$49,516 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.

Moffat School District #2
 Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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 \$13,592.57 for the 2016-2017 program, which is \$484.55 per FTE more than during the 2015-2016 school year. The funded pupil count for the District was 194 FTE during FY 2016-2017. The chart below shows the District revenues by revenue source.



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, 2017

**Net Cost of Governmental Activities FY 2015-16 and FY 2016-17 Comparison
 Moffat Consolidated School District**

	FY 2015-16		FY 2016-17	
	Expenses	Net Cost of Services	Expenses	Net Cost of Services
Instruction	902,676	713,332	977,425	836,761
Student Support	68,995	68,995	68,749	68,749
Instructional Staff	39,603	39,603	50,797	50,797
General Administration	203,384	14,368	253,085	(9,180)
School Administration	187,683	187,683	173,931	173,931
Business Support	140,833	140,833	139,543	139,543
Operation & Maintenance	240,344	240,344	283,837	283,837
Student Transportation	170,443	140,199	161,851	131,353
Central Support & Other	521,265	(3,510,991)	2,124,993	1,979,141
TOTAL	2,475,226	(1,965,634)	4,234,211	3,654,932

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 \$4,619,240 not due and payable in the 2017 fiscal year.

Capital Assets

The District began the year with Net Capital Assets of \$19,278,969. Including the new Moffat School facility, vehicles, equipment and routine depreciation of assets, the ending balance for the District's Capital Assets is \$19,488,838 as of June 30, 2017.

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 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 45 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. 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.

Moffat School District #2
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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, 2017

	<u>Primary Government</u>		Component Unit Charter School
	<u>Governmental Activities</u>	<u>Total</u>	
ASSETS			
Current Assets			
Cash	676,289	676,289	910,227
Investments	1,715,054	1,715,054	-
Property Taxes Receivable	173,341	173,341	-
Accounts Receivable	28,286	28,286	11,145
Due From Other Governments	70,635	70,635	-
Inventories	6,251	6,251	-
Total Current Assets	<u>2,669,856</u>	<u>2,669,856</u>	<u>921,372</u>
Capital Assets:			
Land	11,906	11,906	448,458
Depreciable Assets	19,476,932	19,476,932	5,870,600
Accumulated Depreciation	(854,168)	(854,168)	(793,689)
Capital Assets Net of Depreciation	<u>18,634,670</u>	<u>18,634,670</u>	<u>5,525,369</u>
TOTAL ASSETS	<u>21,304,526</u>	<u>21,304,526</u>	<u>6,446,741</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Pension Cost – Plan	2,731,306	2,731,306	1,227,109
Deferred Pension Cost – Employer	-	-	158,496
Deferred Pension Cost - Contributions Subsequent to Pension Measurement Date	117,406	117,406	52,748
Total Deferred Outflow of Resources	<u>2,848,712</u>	<u>2,848,712</u>	<u>1,438,353</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	36,820	36,820	-
Due To Other Governments	-	-	70,635
Accrued Salaries Payable	132,771	132,771	42,331
Accrued Interest	15,963	15,963	-
Unearned Grant Payments	27,381	27,381	20,919
General Obligation Bonds – Current	202,175	202,175	-
Total Current Liabilities	<u>415,110</u>	<u>415,110</u>	<u>133,885</u>
Noncurrent Liabilities:			
Compensated Absences	24,589	24,589	-
General Obligation Bonds	4,417,065	4,417,065	-
Net Pension Liability	7,373,564	7,373,564	3,312,760
Total Noncurrent Liabilities	<u>11,815,218</u>	<u>11,815,218</u>	<u>3,312,760</u>
TOTAL LIABILITIES	<u>12,230,328</u>	<u>12,230,328</u>	<u>3,446,645</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Pension – Plan	33,316	33,316	14,968
Deferred Pension - Entity	539,232	539,232	178,765
Total Deferred Inflow of Resources	<u>572,548</u>	<u>572,548</u>	<u>193,733</u>
NET POSITION			
Net Investment in Capital Assets	14,015,430	14,015,430	5,525,369
Restricted for:			
Debt Service	432,989	432,989	-
BEST Grant Reserve	10,800	10,800	120,000
TABOR (Emergencies)	61,650	61,650	39,425
Preschool	53,625	53,625	-
Food Service	28,504	28,504	-
Unrestricted (Deficit)	(3,252,636)	(3,252,636)	(1,440,078)
TOTAL NET POSITION	<u>11,350,362</u>	<u>11,350,362</u>	<u>4,244,716</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, 2017

FUNCTIONS/PROGRAMS Primary Government; Governmental Activities	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		Component Unit Charter School
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Total	
Instruction	977,425	2,090	138,574	-	(836,761)	(637,635)	
Student Support	68,749	-	-	-	(68,749)	(27,815)	
Instructional Staff	50,797	-	-	-	(50,797)	(5,271)	
General Administration	253,085	262,265	-	-	9,180	(262,265)	
School Administration	173,931	-	-	-	(173,931)	(186,134)	
Business Support	139,543	-	-	-	(139,543)	-	
Operation & Maintenance	283,837	-	-	-	(283,837)	(58,291)	
Student Transportation	161,851	-	30,498	-	(131,353)	(20,570)	
Central Support	140,789	-	-	-	(140,789)	(47,187)	
Food Services	154,708	7,392	60,860	-	(86,456)	-	
Facilities/Capital Outlay	-	-	-	77,600	77,600	-	
Interest	196,443	-	-	-	(196,443)	-	
Pension Expense	1,633,053	-	-	-	(1,633,053)	109,582	
<u>Total Governmental Activities</u>	<u>4,234,211</u>	<u>271,747</u>	<u>229,932</u>	<u>77,600</u>	<u>(3,654,932)</u>	<u>(1,135,586)</u>	
<u>Total Primary Government</u>	<u>4,234,211</u>	<u>271,747</u>	<u>229,932</u>	<u>77,600</u>	<u>(3,654,932)</u>	<u>(1,135,586)</u>	
<u>General Revenues</u>							
Local Property Taxes							
Specific Ownership Taxes							
State Equalization							
Non-Specific Intergovernmental							
Earnings on Investments							
Other Revenue							
Charter Per Pupil Revenue							
<u>Total General Revenues & Transfers</u>							
Change in Net Position							
Net Position, Beginning							
<u>Net Position, Ending</u>							
					1,134,339	-	
					171,850	-	
					1,964,092	-	
					4,801	-	
					15,668	707	
					60,517	8,287	
					(1,240,898)	1,240,898	
					2,110,369	1,249,892	
					(1,544,563)	114,306	
					12,894,925	4,130,410	
					<u>11,350,362</u>	<u>4,244,716</u>	

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	<u>General</u>	<u>Bond Redemption Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	180,182	403,037	93,070	676,289
Investments	1,580,535	-	134,519	1,715,054
Property Taxes Receivable	104,439	68,902	-	173,341
Accounts Receivable	5,878	-	22,408	28,286
Due From Other Governments	70,635	-	-	70,635
Inventories	-	-	6,251	6,251
Interfund Receivables	26,779	-	2,949	29,728
<u>Total Assets</u>	<u>1,968,448</u>	<u>471,939</u>	<u>259,197</u>	<u>2,699,584</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
	-	-	-	-
<u>LIABILITIES:</u>				
Accounts Payable	14,820	-	22,000	36,820
Accrued Salaries Payable	132,771	-	-	132,771
Interfund Payable	2,949	-	26,779	29,728
Unearned Grant Payments	24,432	-	2,949	27,381
<u>Total Liabilities</u>	<u>174,972</u>	<u>-</u>	<u>51,728</u>	<u>226,700</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Tax	59,939	38,950	-	98,889
<u>FUND BALANCES:</u>				
Nonspendable:				
Inventories	-	-	6,251	6,251
Restricted for:				
TABOR (Emergencies)	61,650	-	-	61,650
Preschool	53,625	-	-	53,625
BEST Grant	-	-	10,800	10,800
Debt Service	-	432,989	-	432,989
Food Service	-	-	22,253	22,253
Committed:				
Capital Outlay	-	-	168,165	168,165
Unassigned	1,618,262	-	-	1,618,262
<u>Total Fund Balances</u>	<u>1,733,537</u>	<u>432,989</u>	<u>207,469</u>	<u>2,373,995</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
	<u>1,968,448</u>	<u>471,939</u>	<u>259,197</u>	<u>2,699,584</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, 2017**

GOVERNMENTAL FUNDS TOTAL FUND BALANCE	2,373,995
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.	98,889
Capital Assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	19,488,838
Accumulated Depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(854,168)
Accrued interest payable is not considered current financial resources and, therefore, not reported in the governmental funds.	(15,963)
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	(4,619,240)
Compensated Absences	<u>(24,589)</u>
	(4,643,829)
Net pension liability, along with associated deferred flow, are not recorded at the fund level:	
Net Pension Liability	(7,373,564)
Deferred Pension Cost – Plan	2,697,990
Deferred Pension Cost – Contributions Subsequent to Pension Measurement Date	117,406
Deferred Pension Cost – Entity	<u>(539,232)</u>
<u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u>	<u>11,350,362</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, 2017

	<u>General</u>	<u>Bond Redemption Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	851,629	448,153	-	1,299,782
Intergovernmental	2,123,666	-	138,460	2,262,126
Local Grants	14,881	-	-	14,881
Interest	13,633	2,035	-	15,668
Other	322,880	-	8,803	331,683
Allocated Revenues	<u>(1,240,898)</u>	<u>-</u>	<u>-</u>	<u>(1,240,898)</u>
Total Revenues	<u>2,085,791</u>	<u>450,188</u>	<u>147,263</u>	<u>2,683,242</u>
EXPENDITURES				
Current:				
Instruction	856,086	-	-	856,086
Student Support	68,749	-	-	68,749
Instructional Staff	50,797	-	-	50,797
General Administration	253,085	-	-	253,085
School Administration	173,931	-	-	173,931
Business Services	139,543	-	-	139,543
Operations & Maintenance	253,760	-	-	253,760
Student Transportation	127,847	-	-	127,847
Central Support	140,248	-	-	140,248
Food Services	-	-	123,818	123,818
Community Services	-	-	-	-
Capital Outlay	-	-	219,353	219,353
Debt Service:				
Principal Retirements	-	194,154	-	194,154
Interest and Fiscal Charges	-	197,111	-	197,111
Total Expenditures	<u>2,064,046</u>	<u>391,265</u>	<u>343,171</u>	<u>2,798,482</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>21,745</u>	<u>58,923</u>	<u>(195,908)</u>	<u>(115,240)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	<u>(89,516)</u>	<u>-</u>	<u>89,516</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(89,516)</u>	<u>-</u>	<u>89,516</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(67,771)	58,923	(106,392)	(115,240)
FUND BALANCES, Beginning	<u>1,801,308</u>	<u>374,066</u>	<u>313,861</u>	<u>2,489,235</u>
FUND BALANCES, Ending	<u>1,733,537</u>	<u>432,989</u>	<u>207,469</u>	<u>2,373,995</u>

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, 2017

GOVERNMENTAL FUNDS CHANGES IN FUND BALANCES **(115,240)**

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	209,869	
Less Net Disposition Of Capital Assets	_____ -	209,869

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	194,154	
Interest Expense	_____ 668	194,822

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. (6,466)

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. 6,406

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 **(200,901)**

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:

Change in net pension liability and related deferred flows		<u>(1,633,053)</u>
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES **(1,544,563)**

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, 2017

	<u>Student Activity Fund</u>
<u>ASSETS</u>	
Cash	<u>20,323</u>
<u>LIABILITIES</u>	
Accounts Payable	-
Deposits Held for Others	<u>20,323</u>
<u>Total Liabilities</u>	<u>20,323</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, 2017

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 184 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, 2017

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, 2017

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, 2017

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, 2017

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 2016 but uncollected in 2017 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2017 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, 2017

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, 2017

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, 2017, the District reserved \$61,650 and the Charter School reserved \$39,425 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 2016 property tax calendar for Saguache County was as follows:

Levy Date	December 22, 2016
Lien Date	January 1, 2017
Tax Bills Mailed	January 1, 2017
First Installment Due	February 28, 2017
Second Installment Due	June 15, 2017
If Paid in Full, Due	April 30, 2017

L. Compensated Absences

Changes in Compensated Absences payable for the year ended June 30, 2017, were as follows:

	<u>Beginning</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>6/30/2017</u>
Vacation Payable	819	6,221	-	7,040
Sick Leave Payable	<u>17,304</u>	<u>245</u>	-	<u>17,549</u>
Total	<u>18,123</u>	<u>6,466</u>	-	<u>24,589</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, 2017

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, 2017

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	-	6,251	-	-	6,251
Prepaid Expenses	-	-	-	-	-
Restricted:					
Emergencies	61,650	-	-	-	61,650
Preschool	53,625	-	-	-	53,625
Debt Service	-	-	432,989	-	432,989
Food Service	-	22,253	-	-	22,253
BEST Grant	-	-	-	10,800	10,800
Committed:					
Capital Outlay	-	-	-	168,165	168,165
Unassigned:	<u>1,618,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,618,262</u>
Total Fund Balances	<u>1,733,537</u>	<u>28,504</u>	<u>432,989</u>	<u>178,965</u>	<u>2,373,995</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, 2017

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	\$29,728
Governmental Funds – Interfund Transfers	\$89,516

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, 2017

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, 2017, 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	108,561	81,976
Cash with County Treasurer	87,778	-
Cash on Hand	273	-
<u>Total Cash and Deposits</u>	<u>696,612</u>	<u>581,976</u>

As presented above, deposits with a bank balance of \$81,976 and a carrying balance of \$108,561 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, 2017

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

Investments

At June 30, 2017, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST Plus	44 Day Average	<u>1,715,054</u>

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 the following recurring fair value measurements as of June 30, 2017:

- COLOTRUST Investment Pool of \$1,715,054 is valued using quoted market prices (Level 1 inputs)

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

Governmental Activities - District

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>July 1, 2016</u>			<u>June 30, 2017</u>
<u>Non Depreciable Assets:</u>				
Land	11,906	-	-	11,906
Construction In Progress	<u>18,205,336</u>	-	<u>18,205,336</u>	<u>-</u>
Total Non Depreciable Assets	<u>18,217,242</u>	<u>-</u>	<u>18,205,336</u>	<u>11,906</u>
<u>Depreciable Assets:</u>				
Buildings & Site Improvements	435,999	17,757,192	-	18,193,191
Equipment & Vehicles	<u>625,728</u>	<u>658,013</u>	-	<u>1,283,741</u>
Total Depreciable Assets	<u>1,061,727</u>	<u>18,415,205</u>	<u>-</u>	<u>19,476,932</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	243,749	78,954	-	322,703
Equipment & Vehicles	<u>409,518</u>	<u>121,947</u>	-	<u>531,465</u>
Total Accumulated				
Depreciation	<u>653,267</u>	<u>200,901</u>	<u>-</u>	<u>854,168</u>
Total Capital Assets, Net	<u>18,625,702</u>	<u>18,214,304</u>	<u>18,205,336</u>	<u>18,634,670</u>

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

Governmental Activities:

Instruction	114,873
Operations and Maintenance	20,593
Transportation	34,004
Central Support	541
Food Services	<u>30,890</u>
Total Depreciation Expense – Governmental Activities	<u>200,901</u>

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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	570,651	-	31,548	539,103	32,759
Series 2013 G. O. Bonds	<u>4,242,743</u>	-	<u>162,606</u>	<u>4,080,137</u>	<u>169,416</u>
Total GO Bonds Payable	<u>4,813,394</u>	<u>-</u>	<u>194,154</u>	<u>4,619,240</u>	<u>202,175</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	2018	4.1878%	167,321	169,416
	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
	2023-2027	4.1878%	546,978	1,130,769
	2028-2032	4.1878%	284,136	1,388,220
	2033-2034	4.1878%	<u>27,081</u>	<u>640,086</u>
			<u>1,619,269</u>	<u>4,080,137</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	2018	3.84%	20,054	32,759
	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
	2023-2026	3.84%	49,629	213,483
	2028-2030	3.84%	8,704	148,766
			<u>145,294</u>	<u>539,103</u>

Total General Obligation Bonds Payable **4,619,240**

**MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2017

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.

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

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

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

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.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 **PENSION PLAN (Continued)**

- \$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.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 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 for the SCHDTF.

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

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

Contributions. 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.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 **PENSION PLAN (Continued)**

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate	10.15 %	10.15 %
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208 (1) (f)	(1.02)%	(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	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF	18.13%	18.63%

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 \$216,291 for the year ended June 30, 2017.

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

At June 30, 2017, the Moffat Consolidated School District No. 2 reported a liability of \$7,373,564 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. 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 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the Moffat Consolidated School District No. 2 proportion was 0.02477 percent, which was a decrease of 0.00335 from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Moffat Consolidated School District No. 2 recognized pension expense of \$1,633,053. At June 30, 2017, the Moffat Consolidated School District No. 2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 **PENSION PLAN (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	92,181	(65)
Changes of assumptions or other inputs	2,392,568	(33,251)
Net difference between projected and actual earnings on pension plan investments	246,557	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	0	(539,232)
Contributions subsequent to the measurement date	117,406	N/A
Total	2,848,712	(572,548)

\$117,406 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2017	
2018	812,456
2019	878,225
2020	465,612
2021	2,465
2022	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 **PENSION PLAN (Continued)**

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

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

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 **PENSION PLAN (Continued)**

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 changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected rate of 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. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

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.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 7 **PENSION PLAN (Continued)**

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 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:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7

PENSION PLAN (Continued)

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

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on plan investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate. The discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

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 5.26 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 (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	9,271,937	7,373,564	5,827,288

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.

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 for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2017, program members contributed \$1,785.

Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Moffat Consolidated School District No. 2 contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 7 **PENSION PLAN (Continued)**

Funding Policy – The Moffat Consolidated School District No. 2 is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Moffat Consolidated School District No. 2 are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015, the Moffat Consolidated School District No. 2 contributions to the HCTF were \$11,831, \$10,289 and \$10,801, respectively equal to their required contributions for each year.

NOTE 8 **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 9 **INTERFUND BALANCES AND TRANSFERS**

<u>TRANSFERS</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Major Governmental Fund</u>				
General Fund	-	89,516	26,779	2,949
<u>NonMajor Governmental</u>				
<u>Funds</u>	<u>89,516</u>	<u>-</u>	<u>2,949</u>	<u>26,779</u>
	<u>89,516</u>	<u>89,516</u>	<u>29,728</u>	<u>29,728</u>

Transfers were made for the purpose of assisting fund operations.

Interfund payables will be repaid within one year.

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 10 **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.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2017.

An audited summary of the Colorado School District's Pool financial information at December 31, 2016 (latest information available) follows:

Total Assets	48,036,383
Total Liabilities	<u>21,232,630</u>
Total Equity	<u>26,803,753</u>
Revenue	14,232,299
Underwriting Expenses	<u>12,497,566</u>
Underwriting Gain (Loss)	1,734,733
Net Investment Income	690,250
Other Income	-
Net Income (Loss) Before Dividend	<u>2,424,983</u>
Dividend	-
Net Income (Loss)	<u>2,424,983</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>53,761</u>
Capital Contributions from Members	-
Unassigned Surplus	<u>26,803,753</u>

MOFFAT CONSOLIDATED SCHOOL DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 11 **LITIGATION**

None.

NOTE 12 **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, 2017, 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 13 **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.

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, 2017. The joint venture summary audited financial information as of June 30, 2015 is as follows:

Assets and Deferred Outflows	<u>3,696,387</u>
Liabilities and Deferred Inflows	11,113,116
Net Position	<u>(7,416,729)</u>
	<u>3,696,387</u>
Revenues	5,773,180
Expenses	<u>5,799,252</u>
Change in Net Position	<u>(26,072)</u>
Prior Year Adjustment	<u>(524,543)</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.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2017

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Variance with</u>
	<u>Original & Final</u>	<u>Actual</u>	<u>Final Budget- Favorable (Unfavorable)</u>
<u>Local Sources</u>			
Property Taxes	696,661	670,594	(26,067)
Specific Ownership Taxes	116,844	171,850	55,006
Delinquent Taxes & Interest	12,680	9,185	(3,495)
Earnings on Investments	2,704	13,633	10,929
BOCES Pass Thru Grant	-	14,881	14,881
E-Rate	6,800	-	(6,800)
Charter School Purchased Services	-	262,265	262,265
Other Local Sources	264,495	60,464	(204,031)
<u>County Sources</u>			
Mineral Leasing	151	151	-
<u>State Sources</u>			
Equalization	1,926,117	1,964,092	37,975
Transportation	30,230	30,498	268
ELPA	488	-	(488)
READ Act Grant	2,515	2,516	1
Library Grant	3,500	3,500	-
BOCES Pass Thru Grant – G&T	3,514	581	(2,933)
Other	-	2,017	2,017
<u>Federal Sources</u>			
Title I	106,606	105,775	(831)
Title II-A	5,595	7,674	2,079
RTTT	-	18	18
REAP Grant	5,900	2,194	(3,706)
Forest Service	187,444	4,801	(182,643)
<u>Allocation to Crestone Charter School</u>	<u>(1,257,423)</u>	<u>(1,240,898)</u>	<u>16,525</u>
<u>TOTAL REVENUES</u>	<u>2,114,821</u>	<u>2,085,791</u>	<u>(29,030)</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, 2017

	<u>Budgeted Amount</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original & Final</u>		
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>945,438</u>	<u>856,086</u>	<u>89,352</u>
<u>Supporting Services:</u>			
Students	71,398	68,749	2,649
Instructional Staff	54,128	50,797	3,331
General Administration	224,214	253,085	(28,871)
School Administration	181,695	173,931	7,764
Business Services	139,974	139,543	431
Operations and Maintenance	281,395	253,760	27,635
Student Transportation	138,860	127,847	11,013
Central Support	161,146	140,248	20,898
Community Services	<u>10,500</u>	<u>-</u>	<u>10,500</u>
<u>Total Supporting Services</u>	<u>1,263,310</u>	<u>1,207,960</u>	<u>55,350</u>
 <u>Appropriated Reserves</u>	 <u>1,239,937</u>	 <u>-</u>	 <u>1,239,937</u>
 <u>TOTAL EXPENDITURES</u>	 <u>3,448,685</u>	 <u>2,064,046</u>	 <u>1,384,639</u>
 <u>Revenue Over (Under) Expenditures</u>	 <u>(1,333,864)</u>	 <u>21,745</u>	
 <u>Other Financing Sources (Uses)</u>			
Transfers (Out)	<u>(400,000)</u>	<u>(89,516)</u>	<u>310,484</u>
<u>Total Other Financing</u>			
<u>Sources (Uses)</u>	<u>(400,000)</u>	<u>(89,516)</u>	<u>310,484</u>
 <u>Revenues and Other Financing</u>			
<u>Sources Over (Under) Expenditures</u>			
<u>and Other Uses</u>	<u>(1,733,864)</u>	<u>(67,771)</u>	
 <u>FUND BALANCE, Beginning</u>	 <u>1,733,864</u>	 <u>1,801,308</u>	
 <u>FUND BALANCE, Ending</u>	 <u>-</u>	 <u>1,733,537</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>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>	<u>2008</u>
District's proportion of the net pension liability (asset)	0.0248%	0.0232%	0.0254%	0.0269%	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$7,373,564	\$3,542,767	\$3,447,583	\$3,428,203	-	-	-	-	-	-
District's covered-employee payroll	\$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	636%	351%	326%	314%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	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.

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

	<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>	<u>2008</u>
Contractually required contributions	\$ 216,291	\$ 178,711	\$ 179,229	\$ 174,854	\$ 162,336	-	-	-	-	-
Contributions in relation to the contractually required contributions	<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	\$1,159,942	\$1,008,697	\$1,058,958	\$1,093,473	\$1,073,797	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	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.

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, 2017

	Budget Amounts		Variance with
	Original & Final	Actual	Final Budget-
			Favorable
			(Unfavorable)
<u>REVENUES</u>			
Property Taxes	399,000	443,649	44,649
Delinquent Taxes	-	4,504	4,504
Earnings on Investments	<u>220</u>	<u>2,035</u>	<u>1,815</u>
<u>Total Revenues</u>	<u>399,220</u>	<u>450,188</u>	<u>50,968</u>
<u>EXPENDITURES:</u>			
Principal Expense	200,965	194,154	6,811
Interest Expense	188,644	195,561	(6,917)
Other Expense	2,100	1,550	550
Appropriated Reserve	<u>301,795</u>	<u>-</u>	<u>301,795</u>
<u>Total Expenditures</u>	<u>693,504</u>	<u>391,265</u>	<u>302,239</u>
<u>Revenues Over (Under) Expenditures</u>	(294,284)	58,923	
<u>Fund Balances, Beginning</u>	<u>294,284</u>	<u>374,066</u>	
<u>Fund Balances, Ending</u>	<u>-</u>	<u>432,989</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, 2017

	<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	48,624	44,446	-	93,070
Investments	-	134,519	-	134,519
Accounts Receivable	408	-	22,000	22,408
Inventories	6,251	-	-	6,251
Due From Other Funds	-	-	2,949	2,949
<u>Total Assets</u>	<u>55,283</u>	<u>178,965</u>	<u>24,949</u>	<u>259,197</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	-	-	22,000	22,000
Unearned Grant Payments	-	-	2,949	2,949
Due To Other Funds	26,779	-	-	26,779
<u>Total Liabilities</u>	<u>26,779</u>	<u>-</u>	<u>24,949</u>	<u>51,728</u>
<u>Fund Balances</u>				
Nonspendable:				
Inventories	6,251	-	-	6,251
Restricted:				
BEST Grant	-	10,800	-	10,800
Food Services	22,253	-	-	22,253
Committed:				
Capital Outlay	-	168,165	-	168,165
Unassigned	-	-	-	-
<u>Total Fund Balances</u>	<u>28,504</u>	<u>178,965</u>	<u>-</u>	<u>207,469</u>
<u>TOTAL LIABILITIES & FUND BALANCES</u>	<u>55,283</u>	<u>178,965</u>	<u>24,949</u>	<u>259,197</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, 2017

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Total</u> <u>Non-Major</u> <u>Governmental</u> <u>Funds</u>
	<u>Food</u> <u>Service</u>	<u>Capital</u> <u>Reserve</u>	<u>Building</u>	
<u>REVENUES</u>				
Local Sources	7,506	1,297	-	8,803
State Sources	484	-	77,600	78,084
Federal Sources	60,376	-	-	60,376
<u>Total Revenues</u>	<u>68,366</u>	<u>1,297</u>	<u>77,600</u>	<u>147,263</u>
<u>EXPENDITURES</u>				
Food Services	123,818	-	-	123,818
Capital Outlay	-	141,753	77,600	219,353
<u>Total Expenditures</u>	<u>123,818</u>	<u>141,753</u>	<u>77,600</u>	<u>343,171</u>
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>(55,452)</u>	<u>(140,456)</u>	<u>-</u>	<u>(195,908)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	49,516	40,000	-	89,516
<u>Total Other Financing</u>				
<u>Sources (Uses)</u>	<u>49,516</u>	<u>40,000</u>	<u>-</u>	<u>89,516</u>
<u>REVENUES OVER (UNDER) OTHER</u>				
<u>FINANCING SOURCES (USES) AND</u>	<u>(5,936)</u>	<u>(100,456)</u>	<u>-</u>	<u>(106,392)</u>
<u>EXPENDITURES</u>				
<u>FUND BALANCES, Beginning</u>	<u>34,440</u>	<u>279,421</u>	<u>-</u>	<u>313,861</u>
<u>FUND BALANCES, Ending</u>	<u>28,504</u>	<u>178,965</u>	<u>-</u>	<u>207,469</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, 2017

	<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>			
<u>Local Sources</u>			
Food Sales	7,000	7,392	392
Interest Earnings	10	30	20
Other	-	84	84
<u>Total Local Sources</u>	<u>7,010</u>	<u>7,506</u>	<u>496</u>
<u>State Sources</u>			
State Match	<u>500</u>	<u>484</u>	<u>(16)</u>
<u>Total State Sources</u>	<u>500</u>	<u>484</u>	<u>(16)</u>
<u>Federal Sources</u>			
School Lunches	38,000	52,848	14,848
Fresh Fruits and Vegetables	20,000	3,122	(16,878)
Commodities	-	4,406	4,406
<u>Total Federal Sources</u>	<u>58,000</u>	<u>60,376</u>	<u>2,376</u>
<u>TOTAL REVENUES</u>	<u>65,510</u>	<u>68,366</u>	<u>2,856</u>
<u>EXPENDITURES</u>			
Salaries	53,000	50,278	2,722
Employee Benefits	11,342	26,017	(14,675)
Purchased Services – Professional	2,100	885	1,215
Purchased Services - Other	1,000	-	1,000
Supplies	8,200	2,557	5,643
Food and Milk	63,500	44,081	19,419
Appropriated Reserves	<u>32,028</u>	<u>-</u>	<u>32,028</u>
<u>TOTAL EXPENDITURES</u>	<u>171,170</u>	<u>123,818</u>	<u>47,352</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(105,660)	(55,452)	
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	<u>75,000</u>	<u>49,516</u>	<u>(25,484)</u>
<u>REVENUES AND SOURCES OVER (UNDER)</u> <u>EXPENDITURES AND USES</u>	(30,660)	(5,936)	
<u>FUND BALANCE, Beginning</u>	<u>30,660</u>	<u>34,440</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>28,504</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, 2017

	<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	300	1,297	997
<u>Total Revenues</u>	<u>300</u>	<u>1,297</u>	<u>997</u>
<u>EXPENDITURES:</u>			
Building Improvements	425,000	6,045	418,955
Equipment	-	135,708	(135,708)
Appropriated Reserve	<u>180,095</u>	<u>-</u>	<u>180,095</u>
<u>Total Expenditures</u>	<u>605,095</u>	<u>141,753</u>	<u>463,342</u>
<u>Revenues Over (Under) Expenditures</u>	(604,795)	(140,456)	
<u>Other Operating Sources (Uses)</u>			
Operating Transfers In (Out)	<u>325,000</u>	<u>40,000</u>	<u>(285,000)</u>
<u>Net Change in Fund Balance</u>	(279,795)	(100,456)	
<u>Fund Balance, Beginning</u>	<u>279,795</u>	<u>279,421</u>	
<u>Fund Balance, Ending</u>	<u>-</u>	<u>178,965</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, 2017

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	Variance with Final Budget- Favorable (Unfavorable)
<u>REVENUES:</u>			
State Source Best Grant	4,000,000	77,600	(3,922,400)
<u>Total Revenues</u>	<u>4,000,000</u>	<u>77,600</u>	<u>(3,922,400)</u>
<u>EXPENDITURES:</u>			
Building Construction	4,000,000	77,600	3,922,400
<u>Total Expenditures</u>	<u>4,000,000</u>	<u>77,600</u>	<u>3,922,400</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, 2017

	<u>Balance</u> <u>7-1-2016</u>	<u>Moffat</u> <u>Agency Fund</u>			<u>Balance</u> <u>6-30-2017</u>
		<u>Additions</u>	<u>Deductions</u>		
<u>ASSETS</u>					
Cash and Investments	<u>25,264</u>	<u>23,811</u>	<u>28,752</u>		<u>20,323</u>
<u>LIABILITIES</u>					
Accounts Payable	10,725	-	10,725		-
Deposits Held for Others	<u>14,539</u>	<u>23,811</u>	<u>18,027</u>		<u>20,323</u>
<u>Total Liabilities</u>	<u>25,264</u>	<u>23,811</u>	<u>28,752</u>		<u>20,323</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, 2017

	<u>Moffat Student Activity Fund</u>		Variance with Final Budget- Favorable (Unfavorable)
	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	
<u>ADDITIONS</u>			
Local Receipts	<u>100,000</u>	<u>23,811</u>	<u>(76,189)</u>
<u>DEDUCTIONS</u>			
Disbursements	<u>114,539</u>	<u>18,027</u>	<u>96,512</u>
<u>CHANGES IN DUE TO STUDENT GROUPS</u>	<u>(14,539)</u>	<u>5,784</u>	
<u>DUE TO STUDENT GROUPS, Beginning</u>	<u>14,539</u>	<u>14,539</u>	
<u>DUE TO STUDENT GROUPS, Ending</u>	<u>-</u>	<u>20,323</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, 2017

	<u>Governmental Funds</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>General</u>	<u>Capital Reserve</u>	<u>Total</u>	<u>Fund</u>	
	<u>Fund</u>	<u>Projects</u>	<u>Governmental</u>	<u>Student</u>	
		<u>Fund</u>	<u>Fund</u>	<u>Activity</u>	
			<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	788,762	121,465	910,227	3,707	913,934
Accounts Receivable	<u>11,145</u>	<u>-</u>	<u>11,145</u>	<u>-</u>	<u>11,145</u>
Total Assets	<u>799,907</u>	<u>121,465</u>	<u>921,372</u>	<u>3,707</u>	<u>925,079</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>					
	-	-	-	-	-
<u>LIABILITIES</u>					
Accounts Payable	-	-	-	-	-
Accrued Salaries	42,331	-	42,331	-	42,331
Unearned Grant Payments	20,919	-	20,919	-	20,919
Due To Other Governments	70,635	-	70,635	-	70,635
Due To Others	-	-	-	3,707	3,707
Total Liabilities	<u>133,885</u>	<u>-</u>	<u>133,885</u>	<u>3,707</u>	<u>137,592</u>
<u>DEFERRED INFLOW OF RESOURCES</u>					
	-	-	-	-	-
<u>FUND BALANCES:</u>					
Restricted:					
TABOR (Emergencies)	39,425	-	39,425	-	39,425
BEST Grant	-	120,000	120,000	-	120,000
Committed:					
Capital Outlay	-	1,465	1,465	-	1,465
Unassigned	<u>626,597</u>	<u>-</u>	<u>626,597</u>	<u>-</u>	<u>626,597</u>
Total Fund Balances	<u>666,022</u>	<u>121,465</u>	<u>787,487</u>	<u>-</u>	<u>787,487</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</u>					
	<u>799,907</u>	<u>121,465</u>	<u>921,372</u>	<u>3,707</u>	<u>925,079</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, 2017

	<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	45,276	112	45,388	20,369
State Sources	27,883	-	27,883	-
Federal Sources	11,315	-	11,315	-
Allocation from Moffat School	<u>1,240,898</u>	<u>-</u>	<u>1,240,898</u>	<u>-</u>
<u>TOTAL REVENUES</u>	<u>1,325,372</u>	<u>112</u>	<u>1,325,484</u>	<u>20,369</u>
<u>EXPENDITURES</u>				
Instruction	<u>553,320</u>	<u>-</u>	<u>553,320</u>	<u>-</u>
Support Services:				
Student Support	27,815	-	27,815	-
Instructional Staff	5,271	-	5,271	-
General Administration	262,265	-	262,265	-
School Administration	186,134	-	186,134	-
Operations & Maintenance	57,432	-	57,432	-
Student Transportation	14,934	-	14,934	-
Central Support	47,187	-	47,187	-
Facilities	16,679	-	16,679	-
Capital Outlay	-	50,398	50,398	-
Student Activity	-	-	-	29,223
<u>Total Support Services</u>	<u>617,717</u>	<u>50,398</u>	<u>668,115</u>	<u>29,223</u>
<u>TOTAL EXPENDITURES</u>	<u>1,171,037</u>	<u>50,398</u>	<u>1,221,435</u>	<u>29,223</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>154,335</u>	<u>(50,286)</u>	<u>104,049</u>	<u>(8,854)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfer In (Out)	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>104,335</u>	<u>(286)</u>	<u>104,049</u>	<u>(8,854)</u>
<u>FUND BALANCE, Beginning</u>	<u>561,687</u>	<u>121,751</u>	<u>683,438</u>	<u>-</u>
<u>FUND BALANCE, Ending</u>	<u>666,022</u>	<u>121,465</u>	<u>787,487</u>	<u>-</u>
<u>DUE TO OTHERS, Beginning</u>				<u>12,561</u>
<u>DUE TO OTHERS, Ending</u>				<u>3,707</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, 2017

	<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	625	596	(29)
Local Grants	42,851	36,394	(6,457)
Other Local Sources	22,000	8,286	(13,714)
<u>Total Local Sources</u>	<u>65,476</u>	<u>45,276</u>	<u>(20,200)</u>
<u>State Sources</u>			
State Capital Construction Grant	21,500	16,679	(4,821)
Read Act	5,108	17	(5,091)
Gifted and Talented BOCES	-	1,497	1,497
State At Risk Supplemental	-	9,690	9,690
<u>Total State Sources</u>	<u>26,608</u>	<u>27,883</u>	<u>1,275</u>
<u>Federal Source</u>			
REAP Grant	5,500	4,518	(982)
BOCES -Title II-A	3,500	6,797	3,297
<u>Total Federal Sources</u>	<u>9,000</u>	<u>11,315</u>	<u>2,315</u>
<u>Allocation from Moffat School</u>	<u>1,144,650</u>	<u>1,240,898</u>	<u>96,248</u>
<u>Total Revenues</u>	<u>1,245,734</u>	<u>1,325,372</u>	<u>79,638</u>
<u>EXPENDITURES</u>			
<u>Instruction</u>	<u>586,993</u>	<u>553,320</u>	<u>33,673</u>
<u>Supporting Services:</u>			
Student Support	53,478	27,815	25,663
Instructional Staff	9,000	5,271	3,729
General Administration	201,697	262,265	(60,568)
School Administration	195,447	186,134	9,313
Operations and Maintenance	57,712	57,432	280
Student Transportation	17,023	14,934	2,089
Central Support	50,959	47,187	3,772
Facilities	21,500	16,679	4,821
<u>Total Support Services</u>	<u>606,816</u>	<u>617,717</u>	<u>(10,901)</u>
<u>Appropriated Reserves</u>	<u>555,600</u>	<u>-</u>	<u>555,600</u>
<u>Total Expenditures</u>	<u>1,749,409</u>	<u>1,171,037</u>	<u>578,372</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, 2017

	<u>Budgeted 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 Over (Under) Expenditures</u>	<u>(503,675)</u>	<u>154,335</u>	
<u>Other Financing Sources (Uses)</u>			
<u>Operating Transfers (Out)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
 <u>Revenues Over Expenditures and</u> <u>Other Financing Uses</u>	 <u>(553,675)</u>	 <u>104,335</u>	
 <u>FUND BALANCE, Beginning</u>	 <u>553,675</u>	 <u>561,687</u>	
 <u>FUND BALANCE, Ending</u>	 <u>-</u>	 <u>666,022</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 BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL RESERVE – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2017**

	<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	120	112	(8)
<u>Total Revenues</u>	120	112	(8)
<u>EXPENDITURES:</u>			
Building Improvements	50,000	-	50,000
Transportation	30,000	50,398	(20,398)
Appropriated Reserve	91,871	-	91,871
<u>Total Expenditures</u>	171,871	50,398	121,473
<u>Revenues Over (Under) Expenditures</u>	(171,751)	(50,286)	
<u>Other Operating Sources (Uses)</u>			
Operating Transfers In (Out)	50,000	50,000	-
<u>Net Change in Fund Balance</u>	(121,751)	(286)	
<u>FUND BALANCE, Beginning</u>	121,751	121,751	
<u>FUND BALANCE, Ending</u>	-	121,465	

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, 2017

	<u>Balance</u> <u>7-1-2016</u>	<u>Crestone</u> <u>Agency Fund</u>		<u>Balance</u> <u>6-30-2017</u>
		<u>Additions</u>	<u>Deductions</u>	
<u>ASSETS</u>				
Cash and Investments	<u>12,561</u>	<u>20,369</u>	<u>29,223</u>	<u>3,707</u>
<u>LIABILITIES</u>				
Deposits Held for Others	<u>12,561</u>	<u>20,369</u>	<u>29,223</u>	<u>3,707</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, 2017

	<u>Crestone Agency Funds</u>		Variance with Final Budget- Favorable (Unfavorable)
	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	
<u>ADDITIONS</u>			
Local Receipts	<u>100,000</u>	<u>20,369</u>	<u>(79,631)</u>
<u>DEDUCTIONS</u>			
Disbursements	<u>112,561</u>	<u>29,223</u>	<u>83,338</u>
<u>CHANGES IN DUE TO STUDENT GROUPS</u>	<u>(12,561)</u>	<u>(8,854)</u>	
<u>DUE TO STUDENT GROUPS, Beginning</u>	<u>12,561</u>	<u>12,561</u>	
<u>DUE TO STUDENT GROUPS, Ending</u>	<u>—</u>	<u>3,707</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 2016-17
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund								
Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance	
Governmental								
10 General Fund	1,789,920		1,894,397		2,004,305		1,679,912	
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0	
19 Colorado Preschool Program Fund	11,289		101,978		59,742		53,625	
Sub-Total	1,801,209		1,996,374		2,064,046		1,733,537	
11 Charter School Fund	561,687		1,275,372		1,171,037		666,022	
20,26-29 Special Revenue Fund	0		0		0		0	
36 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0	
21 Food Service Spec Revenue Fund	34,440		117,882		123,818		28,504	
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	374,066		450,188		391,266		432,989	
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0	
41 Building Fund	0		77,600		77,600		0	
42 Special Building Fund	0		0		0		0	
43 Capital Reserve Capital Projects Fund	401,173		91,408		192,151		300,430	
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0	
Totals	3,172,674		6,091,725		6,015,918		3,161,881	
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	27,100		44,180		47,251		24,030	
79 GASB 34/Permanent Fund	0		0		0		0	
85 Foundations	0		0		0		0	
Totals	27,100		44,180		47,251		24,030	

FINAL



Colorado Department of Education
Bolded Balance Sheet Report
 District: 2800 - MOFFAT 2
 Fiscal Year 2016-17
 Colorado School District/BOCES

ASSETS	Governmental						Proprietary						Fiduciary			Totals
	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		
Cash and Investments (8100-8104,8111)	1,712,126	788,762	14,256	0	0	48,624	349,593	300,430	0	0	0	0	24,030	0	3,237,821	
Cash with Fiscal Agent (8105)	34,335	0	0	0	0	0	53,443	0	0	0	0	0	0	0	87,778	
Taxes Receivable (8121,8122)	104,439	0	0	0	0	0	68,902	0	0	0	0	0	0	0	173,342	
Interfund Loans Receivable (8131,8132)	152,297	0	101,944	0	0	0	0	2,949	0	0	0	0	0	0	257,190	
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	408	0	0	0	0	0	0	0	0	408	
Grants Accounts Receivable (8142)	5,877	11,145	0	0	0	0	0	22,000	0	0	0	0	0	0	39,023	
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Inventories (8171,8172,8173)	0	0	0	0	0	6,251	0	0	0	0	0	0	0	0	6,251	
Prepaid Expenses 8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Current Assets (8191-8194,8199)	0	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	0	
Total Assets	2,009,075	799,907	116,206	0	0	55,283	471,939	325,379	0	0	0	0	24,030	0	3,801,813	

	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
LIABILITIES & FUND EQUITY														
LIABILITIES														
Interfund Payables (7401,7402)	104,893	70,635	54,883	0	0	26,779	0	0	0	0	0	0	0	257,190
Intergovernmental Payables (7411)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	14,820	0	0	0	0	0	0	22,000	0	0	0	0	0	36,820
Accrued Expenses (7461)	125,079	42,331	7,692	0	0	0	0	0	0	0	0	0	0	175,102
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	59,939	0	0	0	0	0	38,950	0	0	0	0	0	0	98,889
Grants Deferred Revenue (7482)	24,432	20,919	0	0	0	0	0	2,949	0	0	0	0	0	48,299
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	329,163	133,885	62,575	0	0	26,779	38,950	24,949	0	0	0	0	0	616,301

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 05	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	0	0	0	0	0	6,251	0	0	0	0	0	0	0	0	6,251			
Restricted Fund Balance 6720	0	0	0	0	0	22,254	432,989	0	0	0	0	0	0	0	455,242			
TABOR 3% Emergency Reserve 6721	61,650	39,425	0	0	0	0	0	0	0	0	0	0	0	0	101,075			
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	53,625	0	0	0	0	0	0	0	0	0	0	0	53,625			
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	130,800	0	0	0	0	0	0	130,800			
Committed Fund Balance 6750	0	0	0	0	0	0	0	169,630	0	0	0	0	0	0	169,630			
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Unassigned Fund Balance 6770	1,618,262	626,597	0	0	0	0	0	0	0	0	0	24,030	0	2,268,889				
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	1,679,912	666,022	53,625	0	0	28,504	432,989	300,430	0	0	0	24,030	0	3,185,512				

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 05	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	2,009,075	799,907	116,200	0	0	55,283	471,939	325,379	0	0	0	24,030	0	3,801,813				

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