



Moffat County School District RE-1

Financial Report

June 30, 2016



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MOFFAT COUNTY SCHOOL DISTRICT

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**Moffat County School District RE-1
Financial Report
June 30, 2016**

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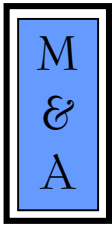
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Moffat County School District RE-1
Craig, Colorado**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Moffat County School District RE-1, (the "District"), as of and for the year ended June 30, 2016, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Moffat County School District RE-1**

Opinions

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Moffat County School District RE-1, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, and the Schedule of Employer's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions in Section E, 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.

The budgetary comparison schedules in Section E are not a required part of the District's basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as whole. The individual budgetary schedules and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The individual budgetary schedules, and the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as whole.

**INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Moffat County School District RE-1**

Other Matters (continued)

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the District's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
November 4, 2016**



MOFFAT COUNTY SCHOOL
DISTRICT RE:1



Moffat County School District RE-1
Management's Discussion and Analysis

MOFFAT COUNTY SCHOOL DISTRICT

DEVELOPS GREAT LEADERS, GREAT TEACHERS, GREAT SCHOOLS

Moffat County School District Achievement Soars!

**Moffat County School District RE-1
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2016**

As management of the Moffat County School District RE-1 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

Financial Highlights

- The liabilities of the District exceeded its assets at year-end by \$15,564,622. Of this amount, \$28,343,789 is an unrestricted deficit. The remaining balance is either restricted for debt service or represents the net investment in capital assets.
- The District's total net position decreased by \$205,876. This decrease can be attributed to a net decrease in the value of the District's capital assets (\$1.5 million) and the District's net pension obligation through PERA (\$800 thousand). These decreases were off-set by increases in fund balance (\$172 thousand), increase in the medical benefits fund (\$442 thousand), and decrease in long-term liabilities (\$1.6 million).
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$10,770,161, which was an increase of \$172,134 from the prior year. The majority of this change relates to an increase of revenue through the State Finance Formula, which the District saw both a small increase in the per pupil funding amount as well as an increase in the number of students.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$7,662,756 or 40% of total General Fund expenditures and transfers of \$19,077,226. The District has continued to weather the economic challenges facing the State of Colorado and its ability to fund education. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-wide Financial Statements: The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by a private-sector business.

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

Governmental activities: The District's basic services are included here, such as instructional services, support services, and student activities. Such services also include activities relating to building maintenance, technology, and administration.

The district-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund, instead of the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Moffat County School District RE-1 maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Food Service Fund, Pupil Activities Fund, Bond Redemption Fund, and the Capital Reserve Capital Projects Fund, which are considered to be major funds.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided to demonstrate compliance with state budget statutes and are included in Sections E and F of this report.

The basic major governmental fund financial statements can be found on pages C3 through C6.

Proprietary Funds: The District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its employee health and dental benefits and is considered a major fund. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages C7 through C9 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of these funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund used by the District accounts for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education. The basic fiduciary fund financial statement can be found on page C10 of this report.

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. The notes to the financial statements can be found in Section D of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Immediately following the notes are the statements reporting the District's annual appropriated budgets. The budget reports can be found in sections E and F.

District-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the Moffat County School District RE-1, assets exceed liabilities by \$15,564,622 at year end.

Moffat County School District RE-1 Summary of Net Position:

	Governmental Activities	
	FY 2016	FY 2015
Assets:		
Current and other assets	14,050,285	13,181,876
Capital assets	34,675,660	36,175,011
Total Assets	<u>48,725,945</u>	<u>49,356,887</u>
Deferred Outflows of resources	<u>7,203,473</u>	<u>4,146,611</u>
Liabilities:		
Other liabilities	2,631,539	2,163,406
Long-term liabilities	65,801,339	65,297,248
Total Liabilities	<u>68,432,878</u>	<u>67,460,654</u>
Deferred Inflows of resources	<u>3,061,160</u>	<u>1,401,588</u>
Net Position:		
Net Investment in capital assets	9,771,320	9,441,941
Restricted	3,007,847	2,998,140
Unrestricted	<u>(28,343,787)</u>	<u>(27,798,825)</u>
Total Net Position	<u>(15,564,620)</u>	<u>(15,358,744)</u>

Of the District's total net position, \$9,771,320 reflects its investment in capital assets (e.g. land, buildings and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students and the community; consequently, these assets are not available for future spending. Although the Moffat County School District RE-1's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

Moffat County School District RE-1 Changes in Net Assets:

	Governmental Activities	
	FY 2016	FY 2015
Revenues:		
<i>Program revenues</i>		
Charges for services	378,438	400,760
Operating grants and contributions	2,439,102	2,407,367
<i>General revenues</i>		
Property taxes	13,990,512	14,354,060
Specific ownership taxes	1,096,918	1,056,525
State revenue	4,410,587	3,928,520
Investment earnings	16,987	5,855
Other	692,299	750,795
Total revenues	<u>23,024,843</u>	<u>22,903,882</u>
Expenditures:		
Direct instruction	13,485,937	13,363,438
Indirect instruction	2,250,396	2,518,918
Transportation	763,675	789,304
Custodial maintenance	2,454,479	2,494,445
Support services	2,500	834,361
General administration	2,582,876	2,408,764
Community service	65,065	62,261
Student activities	137,897	128,871
Interest	782,047	736,121
Food services	705,847	735,614
Total Expenses	<u>23,230,719</u>	<u>24,072,097</u>
Change in net position	(205,876)	(1,168,215)
Net position - July 1	<u>(15,358,744)</u>	<u>(14,190,529)</u>
Net position - June 30	<u>(15,564,620)</u>	<u>(15,358,744)</u>

Governmental Activities: As indicated above, governmental activities decreased the District's net position by \$205,876. Key elements of this increase are as follows:

- Total revenue from fiscal year 2015 to fiscal year 2016 increased by \$120,961 or 0.5%. Overall this increase is attributed to a slight decrease in charges for services and other revenue, which was off-set by increases in property taxes and state revenue. The increases in property taxes and state revenue is due to a slight increase in the per pupil funding through the School Finance Act as well as a slight increase in the number of students.
- Total expenditures from fiscal year 2015 to fiscal year 2016 decreased by \$841,378 or 3.6%. This decrease in expenditures is attributed to the Medical Benefits Fund, which showed savings of \$441,303 versus additional expenses in 2015 of \$361,366, a net difference of \$802,669. This was based on 2016 claims being significantly less than 2015 claims.

The District's governmental funds reported combined fund balances of \$10,770,161, an increase of \$172,134 in comparison with the prior year. Approximately 66% of this amount, \$7,083,756, constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance, \$3,686,405, is non-spendable, restricted or assigned for particular purposes.

Financial Analysis of the District's Funds

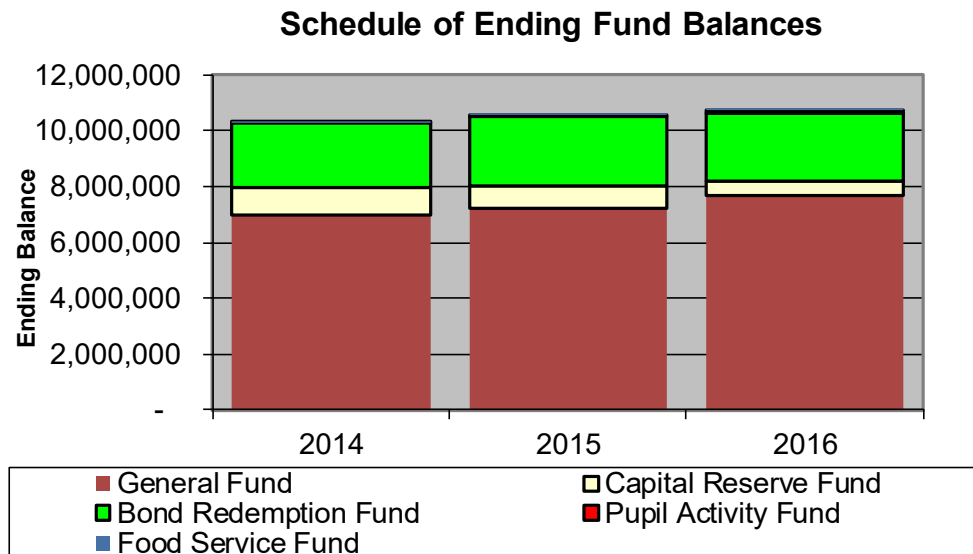
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

- As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$10,770,161 which was an increase of \$172,134 from the prior year ending fund balances.
- Of the ending fund balance a portion is restricted to servicing required debt principal and interest payments, as well as the required 3% TABOR emergency reserve.

Fund Balance Trending:

The following graph provides a view of the District's ending fund balances for the last five fiscal years:



As shown above in the bar graph the District increased the general fund balance by \$429,053 or approximately 2.2% of general fund expenditures. The only funds to decrease were the Bond Redemption Fund and Capital Projects. The reduction in the Bond Redemption Fund balance was due to a higher percent of uncollected property tax than budgeted. The reduction in the Capital Projects Fund is a planned decrease for the annual payments of the system-wide network upgrade completed in 2014.

Budget Variances in the General Fund: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. Generally, the most significant variances to discuss are those between the budgeted and actual revenues and expenditures in the General Fund

REVENUES	Final Budget	Actual Amounts	Variance Positive (Negative)	Reason
Taxes:				
Property taxes	11,526,905	11,692,561	165,656	Increase in PPR/#of Students
Specific ownership taxes	1,000,000	1,096,918	96,918	Conservative Budget
Intergovernmental -				
State revenue	5,163,894	5,255,497	91,603	Increase in PPR/#of Students
Federal revenue	905,300	1,030,051	124,751	Additional Grant Revenue/BOCES
Other	712,000	810,221	98,221	Increase in Interest/Overhead Fees
EXPENDITURES				
Direct instruction	11,780,250	11,190,506	589,744	Special Needs/Attrition Savings
Indirect instruction	2,409,230	2,504,471	(95,241)	Additional Grant Expense/BOCES
Custodial and maintenance	2,434,087	2,384,127	49,960	Savings in Natural Gas
Support services	662,034	432,582	229,452	Savings in Supplies/Lane Changes

The District had an expenditure variance to the final budget in the amount of \$814,436.

Budget Amendments

The District did not make budget appropriation amendments during the year.

Capital Assets: The District's governmental capital assets, net of accumulated depreciation, totaled \$34,675,660 as of June 30, 2016. The District capitalizes assets, including land, buildings and improvements, vehicles, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years.

Additional information, as well as, a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement at section D of this report.

Long-Term Debt: As of the end of the current fiscal year, the District's long-term general obligation debt totaled \$20,689,233. As noted previously the District also reports its proportionate share of unfunded pension liability in the amount of \$40,623,395.

Additional information, as well as, a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements at section D of this report.

Economic Factors and Outlook

Moffat County and the Northwest Region of Colorado continue to face ongoing pressures that will affect the region's largest financial supporters – natural resources. Tri-State Generation and Transmission announced in September that Unit 1 at Craig Station will be retired in 2025. This doesn't have an immediate impact on the community in terms of job loss however it does lead to an uncertain future. This news was combined with preliminary 2016 assessed valuations for the county showing a decrease of \$52.3 million, the lowest our assessed value has been in 11 years. This drop is mainly attributed to Oil & Gas prices coupled with the insecure Natural Resource sector and the always unpredictable State Assessed values.

On a State level the September 2016 revenue forecast indicates budget deficits for both our current 2016-17 fiscal year, which ends June 30, as well as likely shortfalls for the 2017-18 budget year. Among the factors attributable to the deficit are slow economic growth and lower than expected tax revenues, as well as an increasing sense of uncertainty about the stability of the economy moving forward. The question for the District then is how will this affect K-12 funding. In order to keep the negative factor flat, pay for enrollment growth, and account for inflation the State will require an extra \$325 million in 2017-18. Currently based on the Legislative Council forecast the State will see \$65 million less than what is budgeted for this year. The State forecast coupled with the decreased assessed valuation of the county could lead to a significant decrease in the per pupil revenue received in future years, which accounts for approximately 75% of the General Fund revenue.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Moffat County School District RE-1, Business Office, 775 Yampa Ave., Craig, Colorado 81625.



MOFFAT COUNTY SCHOOL
DISTRICT RE:1



Moffat County School District RE-1

Basic Financial Statements

MOFFAT COUNTY SCHOOL DISTRICT

DEVELOPS GREAT LEADERS, GREAT TEACHERS, GREAT SCHOOLS

Moffat County School District Achievement Soars!

Moffat County School District RE-1
Statement of Net Position
June 30, 2016

ASSETS	Governmental Activities
Cash and cash equivalents - Unrestricted	12,397,951
Accounts, taxes, and interest receivable	1,192,720
Due from other governments	426,117
External balances	2,506
Inventory	30,991
Total current assets	14,050,285
Capital assets:	
Land	297,333
Land improvements	4,158,349
Buildings and improvements	54,651,326
Equipment	4,743,408
Vehicles	2,508,450
Less: Accumulated depreciation	(31,683,206)
Total capital assets	34,675,660
Total assets	48,725,945
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension expenses	5,055,156
Deferred bond refunding costs, net	2,148,317
Total deferred outflows of resources	7,203,473
LIABILITIES	
Current liabilities:	
Accounts, retainage, arbitrage & deposits payable	328,741
Accrued compensation	1,924,625
Accrued interest	351,492
Unearned grant revenue	26,683
Total current liabilities	2,631,541
Noncurrent liabilities:	
Compensated absences	273,604
Bonds and leases	
Due within one year	642,283
Due in more than one year	24,262,057
Net pension liability	
Due in more than one year	40,623,395
Total noncurrent liabilities	65,801,339
Total liabilities	68,432,880
DEFERRED INFLOWS OF RESOURCES	
Deferred pension expenses	3,061,160
Total deferred inflows of resources	3,061,160
EQUITY	
Net Investment in Capital Assets	9,771,320
Restricted for:	
TABOR	579,000
Debt service	2,428,847
Unrestricted	(28,343,789)
Total net position	(15,564,622)

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

Moffat County School District RE-1
Statement of Activities
For the Year Ended June 30, 2016

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:					
Governmental Activities:					
Direct instruction	13,485,937	219,337	1,673,709	-	(11,592,891)
Indirect instruction	2,250,396	-	-	-	(2,250,396)
Transportation	763,675	-	158,852	-	(604,823)
Custodial and maintenance	2,454,479	-	-	-	(2,454,479)
Support services	2,500	-	-	-	(2,500)
General administration	2,582,876	-	-	-	(2,582,876)
Community service	65,065	-	-	-	(65,065)
Food service	705,847	159,101	508,587	-	(38,159)
Student activities	137,897	-	97,954	-	(39,943)
Interest	782,047	-	-	-	(782,047)
Total governmental activities	<u>23,230,719</u>	<u>378,438</u>	<u>2,439,102</u>	<u>-</u>	<u>(20,413,179)</u>
General revenues:					
Taxes					
Local property taxes levied for general purposes					11,705,468
Local property taxes levied for debt payments					2,285,044
Specific ownership taxes					1,096,918
State equalization revenue					4,410,587
Grants and contributions not restricted to specific programs					692,299
Interest and investment earnings					16,987
Total general revenues and transfers					<u>20,207,303</u>
Change in net position					(205,876)
Net position, beginning					<u>(15,358,746)</u>
Net position, ending					<u>(15,564,622)</u>

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

Moffat County School District RE-1
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Assets:						
Cash and cash equivalents - Unrestricted	8,662,506	18,024	83,169	1,870,800	558,888	11,193,387
Accounts, taxes, and interest receivable	975,769	4,146	-	558,047	-	1,537,962
Inventory	-	30,991	-	-	-	30,991
Due from other funds	-	20,000	2,506	-	-	22,506
	<u>9,638,275</u>	<u>73,161</u>	<u>85,675</u>	<u>2,428,847</u>	<u>558,888</u>	<u>12,784,846</u>
Total assets and other debits						
LIABILITIES						
Liabilities:						
Accounts and other current payables	43,377	-	-	-	-	43,377
Accrued compensation	1,912,142	12,483	-	-	-	1,924,625
Due to other funds	20,000	-	-	-	-	20,000
Unearned revenue:						
Other	-	26,683	-	-	-	26,683
	<u>1,975,519</u>	<u>39,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,014,685</u>
Total liabilities						
FUND BALANCES						
Non-spendable	-	30,991	-	-	-	30,991
Spendable:						
Restricted	579,000	-	-	2,428,847	-	3,007,847
Assigned	-	3,004	85,675	-	558,888	647,567
Unassigned	7,083,756	-	-	-	-	7,083,756
	<u>7,662,756</u>	<u>33,995</u>	<u>85,675</u>	<u>2,428,847</u>	<u>558,888</u>	<u>10,770,161</u>
Total fund balances						
Total liabilities deferred inflows	<u>9,638,275</u>	<u>73,161</u>	<u>85,675</u>	<u>2,428,847</u>	<u>558,888</u>	<u>12,784,846</u>

The notes to the financial statements are an integral part of this statement.

Moffat County School District RE-1
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016

Governmental Funds Total Fund Balance		10,770,161
<i>Add:</i>		
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.		80,615
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds:		
	Capital assets	66,358,866
	Accumulated depreciation	<u>(31,683,206)</u>
		34,675,660
Deferred charges such as deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:		
	Deferred refunding costs	2,148,317
The District has a medical benefits fund. Accumulated resources in this fund are shown as an increase in governmental net position.		
	919,461	919,461
<i>Less:</i>		
Long-term liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension liability, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension plan, that are amortized over the average remaining service life of all active and inactive plan participants.		
	Deferred Outflows of pension expenses	5,055,156
	Deferred Inflows of pension expenses	(3,061,160)
	Pension liability	<u>(40,623,395)</u>
		(38,629,399)
Long-term liabilities, including bonds payable, accrued compensated absences, leases payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:		
	Bond debt and interest coupons	(20,689,233)
	Accrued compensated absences	(273,604)
	Leases payable	(1,128,101)
	Premiums and discounts on bonded debt	(3,087,007)
	Accrued interest	<u>(351,492)</u>
		<u>(25,529,437)</u>
Governmental Activities Net Position		<u><u>(15,564,622)</u></u>

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

Moffat County School District RE-1
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Food Service Fund	Student Activity Fund	Bond Redemption Fund	Capital Projects Capital Reserve Fund	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	11,692,561	-	-	2,286,898	-	13,979,459
Specific ownership taxes	1,096,918	-	-	-	-	1,096,918
Intergovernmental - State revenue	5,255,497	12,877	-	-	-	5,268,374
Intergovernmental - Federal revenue	1,030,051	495,709	-	-	-	1,525,760
Interest income	11,031	6	4	2,745	1,777	15,563
Other	810,221	159,101	97,954	-	59,016	1,126,292
Total revenues	<u>19,896,279</u>	<u>667,693</u>	<u>97,958</u>	<u>2,289,643</u>	<u>60,793</u>	<u>23,012,366</u>
EXPENDITURES						
Direct instruction	11,190,506	-	-	-	-	11,190,506
Indirect instruction	2,504,471	-	-	-	-	2,504,471
Transportation	669,663	-	-	-	-	669,663
Custodial and maintenance	2,384,127	-	-	-	-	2,384,127
Support services	432,582	-	-	-	-	432,582
General administration	1,789,371	-	-	-	-	1,789,371
Community service	62,224	-	-	-	-	62,224
Food service	-	683,797	-	-	-	683,797
Student activities	-	-	137,897	-	-	137,897
Debt service:						
Principal	-	-	-	1,540,000	518,782	2,058,782
Interest and fiscal charges	44,282	-	-	779,938	28,470	852,690
Capital outlay	-	-	-	-	756,162	756,162
Total expenditures	<u>19,077,226</u>	<u>683,797</u>	<u>137,897</u>	<u>2,319,938</u>	<u>1,303,414</u>	<u>23,522,272</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	819,053	(16,104)	(39,939)	(30,295)	(1,242,621)	(509,906)
OTHER FINANCING SOURCES (USES)						
Proceeds from capital lease	-	-	-	-	682,040	682,040
Transfers in (out)	(390,000)	20,000	55,000	-	315,000	-
Total other financing sources (uses)	<u>(390,000)</u>	<u>20,000</u>	<u>55,000</u>	<u>-</u>	<u>997,040</u>	<u>682,040</u>
NET CHANGE IN FUND BALANCES	429,053	3,896	15,061	(30,295)	(245,581)	172,134
FUND BALANCES, BEGINNING	<u>7,233,703</u>	<u>30,099</u>	<u>70,614</u>	<u>2,459,142</u>	<u>804,469</u>	<u>10,598,027</u>
FUND BALANCES, ENDING	<u><u>7,662,756</u></u>	<u><u>33,995</u></u>	<u><u>85,675</u></u>	<u><u>2,428,847</u></u>	<u><u>558,888</u></u>	<u><u>10,770,161</u></u>

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

Moffat County School District RE-1
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2016

Governmental Funds Change in Fund Balances	172,134
<i>Add:</i>	
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 outlays reported as expenditures in the governmental funds.	743,936
Debt principal payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.	2,058,782
Net income (loss) on the District's medical benefit fund is adjusted to the government activities change in net position	442,727
<i>Less:</i>	
Deferred property tax revenues do not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the change in the deferred property tax recognized in the Statement of Activities.	11,053
Debt proceeds represent an increase in current available resources in the fund financial statements. These proceeds represent an increase in liabilities on the government wide financial statements. This represents the total debt proceeds, including capital leases, issued during the year.	(682,040)
Accrued compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	20,994
Changes in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals.	(800,819)
Amortization of deferred costs such as premium and discounts and deferred charges from refundings and changes in accrued interest have no impact on current available resources but do change government-wide net position.	70,643
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 depreciation expense reported as an expenditure in the governmental activities' functions.	<u>(2,243,286)</u>
Governmental Activities Change in Net Position	<u><u>(205,876)</u></u>

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

Moffat County School District RE-1
Statement of Net Position
Proprietary Funds
June 30, 2016

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	1,204,564
Accounts receivable	260
Total assets	1,204,824
LIABILITIES	
Current liabilities:	
Accounts and deposits payable	285,363
Total liabilities	285,363
NET POSITION	
Unrestricted	919,461
Total net position	919,461

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

Moffat County School District RE-1
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Sales and customer charges	2,646,849
Total operating revenues	2,646,849
OPERATING EXPENSES	
Purchased services	2,205,546
Total operating expenses	2,205,546
OPERATING INCOME (LOSS)	441,303
NONOPERATING REVENUES (EXPENSES)	
Investment income	1,424
Total nonoperating revenues (expenses)	1,424
CHANGE IN NET POSITION	442,727
NET POSITION, BEGINNING	476,734
NET POSITION, ENDING	919,461

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

Moffat County School District RE-1
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and employees	2,646,849
Payments to vendors	(2,029,886)
	616,963
Net cash provided (used) by operating activities	616,963
Cash received from investment income	1,424
	1,424
Net cash provided (used) by investing activities	1,424
NET INCREASE (DECREASE) IN CASH	618,387
CASH AND CASH EQUIVALENTS, BEGINNING	586,177
CASH AND CASH EQUIVALENTS, ENDING	1,204,564
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	441,303
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities related to operations:	
Increase (decrease) in accounts payable	175,660
	175,660
Total adjustments	175,660
Net cash provided (used) by operating activities	616,963

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

Moffat County School District RE-1
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2016

	Student Activity Fund
ASSETS	
Cash and cash equivalents	273,175
Total assets	273,175
LIABILITIES	
Due to:	
Other funds	2,506
Student activities and other organizations	270,669
Total liabilities	273,175

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



MOFFAT COUNTY SCHOOL
DISTRICT RE:1



Moffat County School District RE-1
Notes to the Basic Financial Statements

MOFFAT COUNTY SCHOOL DISTRICT

DEVELOPS GREAT LEADERS, GREAT TEACHERS, GREAT SCHOOLS

Moffat County School District Achievement Soars!

**Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016**

I. Summary of Significant Accounting Policies

Moffat County School District RE-1 (the "District") encompasses Moffat County in northwestern Colorado. The District provides academic and vocation curriculum, student transportation, food service, athletic and cultural extracurricular activities, and maintenance and general administrative services. The District operates the following schools:

Elementary Schools	Middle School	High School
East Elementary	Craig Middle	Moffat County
Maybell Elementary	School	High School
Ridgeview Elementary		
Sandrock Elementary		
Sunset Elementary		

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization.

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding sources. However, the District is not included in any other governmental reporting entity.

B. District-wide and Fund Financial Statements

The District's basic financial statements include both district-wide (financial activities of the overall District, except for fiduciary activities) and fund financial statements (reporting the District's major funds). For the most part, the effect of interfund activity has been removed from these statements. Both the district-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. District-wide and Fund Financial Statements (continued)

1. District-wide Financial Statements

In the district-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The district-wide Statement of Activities reports both the gross and net cost of the District's functions and business-type activities (i.e., food service). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

The district-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements, including fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One or more specific restricted or committed revenue should be the foundation for the fund.

The District reports the following major governmental funds:

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

The *Food Service Fund* accounts for all financial activities associated with the District's school lunch programs.

The *Student Activity Fund* accounts for the revenues and expenditures of funds used in student sports, clubs, and extracurricular activities. The primary source of funding is fees related to participation in the particular activity.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The *Bond Redemption Fund* accounts for and reports financial resources that are restricted to expenditure for principal and interest that have been legally mandated, as well as the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

The *Capital Reserve Capital Projects Fund* is used to account for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment.

Additionally, the District reports the following fund types:

The *Health Benefits Internal Service Fund* accounts for the employee health and dental benefits provided to other departments or funds of the District on a cost reimbursement basis

The *Student Activity Agency Fund* accounts for assets held by the District as an agent for student clubs and other organizations which exist with the explicit approval of, and are subject to revocation by, the District's Board of Education.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

The governmental activities in the government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The District considers all revenues reported in governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

3. Financial Statement Presentation

Amounts reported as program revenues include 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.

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

Investments are stated at fair value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable on the fund financial statements.

5. Inventories and Prepaid Items

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories recorded in the *Food Service Fund* consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. 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.

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

6. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and fiduciary activities are reported as "internal balances" in the district-wide financial statements.

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statement, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statements 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 *Bond Redemption Debt Service Fund*. The long-term accumulated unpaid vacation and accrued sick leave are serviced from property taxes and other revenues by the respective fund types from future appropriations.

8. Capital Assets

Capital assets, which include construction-in-progress, land, buildings and improvements, vehicles, and equipment, are reported in the governmental activity column in the district-wide financial statements and in the proprietary fund financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Capital Assets (continued)

Capital outlay for projects is capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5 - 35
Vehicles	6 - 7
Equipment	5

9. Compensated Absences

Earned but unused vacation and personal leave benefits are accrued when incurred in the district-wide and proprietary fund financial statements.

10. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

11. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow if resources (expense/expenditures) until then. The District has two items that qualify for reporting under this category on the Statement of Net Position. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. Another item is the collective deferred outflows related to the District's net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension liability in future periods, see Note IV.H.

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualify for reporting in this category. Collective deferred inflows related to the District's net pension obligation are reported on the Statement of Net Position and are amortized over the average service lives of participants, see Note IV.H.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

12. Pensions

The District participates in the School Division Trust Fund (the "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.

13. Fund Equity

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

Unassigned fund balance is a residual classification within the *General Fund*. The *General Fund* should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications, refer to Note IV.G.

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

15. Restricted and Unrestricted Resources

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

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

II. Reconciliation of District-wide and Fund Financial Statements

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the District-wide Statement of Net Position. Additionally, the governmental fund statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the District-wide Statement of Activities.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2016.

1. The proposed budget was submitted to the Board of Education by May 31 of the year proceeding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30, along with an appropriation resolution.

No supplemental appropriations were necessary during the year.

B. TABOR Amendment

In November 1992, Colorado voters amended 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 that apply to the State of Colorado and local governments. TABOR required, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenues gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR 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 fiscal years.

TABOR also 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 3% or more of fiscal year spending. The District has reserved \$579,000 of its June 30, 2016 year-end General Fund balance for emergencies as required under TABOR.

On November 4, 1997, the District’s electorate approved the following ballot measure:

“Shall Moffat County School District taxes be increased to \$1,900,000 annually by authorizing an additional levy of ad valorem property taxes for the 1997-98 budget year and maintain that level each budget year thereafter for the purpose of providing additional local property tax revenues for educational purposes; and shall the District be authorized to retain and expend all revenues from said increase in excess of the spending limits established by Article X Section 20 of the Constitution of the State of Colorado?”

Additionally, on November 2, 1999, the District’s electorate approved the following ballot measure:

“Shall the Moffat County School District RE. NO 1 be authorized and permitted to retain, appropriate, and utilize, by retention for reserves, carryover fund balance, or expenditures, the full proceeds and revenues received from all sources whatever, without limitation, in the 1998-99 and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution, provided however, that no local tax rate or property mill levy shall be increased at any time, nor shall any new tax be imposed without the prior consent of the voters of the Moffat County School District RE. NO. 1 approving any such increase or new tax?”

The District believes it is in compliance with the requirements of the TABOR Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

C. Expenditures in Excess of Budget

For the year ended June 30, 2016, the following funds had expenditures in excess of budgeted appropriations which maybe a violation of Colorado Budget laws:

<u>Fund</u>	<u>Amount</u>	<u>Cause</u>
Capital Reserve Fund	\$ 667,756	Capital outlay
Food Services Fund	\$ 46,983	Higher meal costs

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by Federal Depository Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. At year end, the District had the following cash and investments with the following maturities:

<u>Type:</u>	<u>Standard and Poor's Credit Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking accounts	Not Rated	\$ 4,743,552	\$ 4,743,552	\$ -
<i>Investments:</i>				
Investment pool	AAAm	6,033,579	6,033,579	-
Cash with Fiscal Agent	Not Rated	1,893,995	1,893,995	-
		<u>\$ 12,671,126</u>	<u>\$ 12,671,126</u>	<u>\$ -</u>

The investment pool represents an investment in COLOTRUST PLUS+, which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Credit Risk. State law and District policy limit investments to those authorized by State statutes, which, among other investments, include U.S. agencies, commercial paper, local government investment pools, and certain money market funds. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Custodial Credit Risk. For an investment, this is the risk that, in the event of failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The District does not have an investment policy that limits the amount of securities that can be held by counterparties.

Concentration of Credit Risk. The District places no limit on the amount that it may invest in any one issuer. More than 5% of the District's investments are in the ColoTrust Investment Pool. These investments represented 48% of the District's total investments.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Food Service Fund	Bond Redemption Fund
Receivables:			
Taxes	\$ 530,484		\$ 558,047
Other	19,168		-
Intergovernmental	426,117	4,146	-
Gross receivables	975,769	4,146	558,047
Less: allowance for uncollectible	-	-	-
Net Receivables	\$ 975,769	\$ 4,146	\$ 558,047

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance (As Restated)	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 297,333	\$ -	\$ -	\$ 297,333
Total capital assets, not being depreciated	297,333	-	-	297,333
Capital assets, being depreciated:				
Land improvements	4,158,349	-	-	4,158,349
Buildings and improvements	54,617,020	34,306	-	54,651,326
Vehicles	2,508,450	-	-	2,508,450
Equipment	4,045,603	709,630	(11,825)	4,743,408
Total capital assets being depreciated	65,329,422	743,936	(11,825)	66,061,533
Total capital assets - Cost	65,626,755	743,936	(11,825)	66,358,866
Less: accumulated depreciation for:				
Land improvements	(3,106,226)	(201,882)	-	(3,308,108)
Buildings and improvements	(22,074,795)	(1,349,871)	-	(23,424,666)
Vehicles	(2,266,686)	(45,668)	-	(2,312,354)
Equipment	(2,004,038)	(645,865)	11,825	(2,638,078)
Total accumulated depreciation	(29,451,745)	(2,243,286)	11,825	(31,683,206)
Governmental activities capital assets, net	\$ 36,175,010	\$ (1,499,350)	\$ -	\$ 34,675,660

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The District had the following capital outlay and depreciation expense for the following functions and business-type activities:

	Capital Outlay	Depreciation Expense
Governmental activities:		
Direct instruction	\$ 19,739	\$ 1,437,459
Transportation	6,500	68,240
Custodial and maintenance	35,657	19,064
General administration	682,040	715,013
Food service	-	3,510
Total governmental activities	\$ 743,936	\$ 2,243,286

D. Interfund Receivables, Payables, and Transfers

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The District has reports the following interfund balances as of June 30, 2016:

	Receivable Fund	Payable Fund
General Fund	\$ -	\$ 20,000
Pupil Activity Fund	2,506	-
Food Services Fund	20,000	-
Fiduciary Fund - Student Activities	-	2,506
	\$ 22,506	\$ 22,506

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) provide additional resources for current operations or debt service.

All District transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers (continued)

Transfers for fiscal year 2016 were as follows:

	<u>Transfer In</u>	<u>Transfer (out)</u>
General Fund	\$ -	\$ (390,000)
Capital Reserve Fund	315,000	-
Pupil Activity Fund	55,000	-
Food Service Fund	20,000	-
	<u>\$ 390,000</u>	<u>\$ (390,000)</u>

E. Operating Leases

The District is committed under various leases for office equipment. These leases are considered, for accounting purposes, to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements. All operating leases are annually appropriable.

F. Long-term Debt

1. General Obligation Bonds, Series 2007

In November 2007, the District's electorate authorized the issuance of general obligation debt in the amount of \$29,500,000. The bonds carry interest rates of 4.0% to 5.25% and are payable semi-annually on June 1 and December 1. Proceeds are being used to upgrade technology infrastructure, upgrade heating, ventilation and lighting, add additional classrooms and repair or improve other District facilities. The bonds maturing on and after December 1, 2019 and before December 1, 2024 were refunded through the issuance of the 2014 General Obligation Refunding Bonds. The bonds maturing on and after December 1, 2025 and before December 1, 2028 were refunded through the issuance of the 2015 General Obligation Refunding Bonds.

As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position.

2. General Obligation Refunding Bonds, Series 2014

On February 27, 2014, the District issued \$9,390,000 of General Obligation Refunding Bonds, Series 2014. Proceeds from this bond issue were used to refund a portion of the District's General Obligation Bonds, Series 2007. The interest on the Series 2014 Bonds ranges from 2.0% to 3.0% and is payable semi-annually on June 1 and December 1, through 2023

The reacquisition price exceeds net carrying amount of the old debt by \$1,409,565. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The refunding resulted in a present value savings of \$466,368.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

3. General Obligation Refunding Bonds, Series 2015

On January 21, 2015, the District issued \$8,515,000 of General Obligation Refunding Bonds, Series 2015. Proceeds from this bond issue were used to refund a portion of the District's General Obligation Bonds, Series 2007. The interest on the Series 2015 Bonds ranges from 2.0% to 4.0% and is payable semi-annually on June 1 and December 1, through 2027

The reacquisition price exceeds net carrying amount of the old debt by \$1,119,073. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The refunding resulted in a present value savings of \$1,355,206.

4. Defeasance of Debt

As noted above, proceeds of the refunding bond issue were used to purchase U.S. government securities to retire outstanding issuances. Sufficient U.S government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The District is unable to determine the amount of defeased bonds outstanding at year-end.

5. Bond Trustee

Colorado State Statutes require all property taxes levied for the purpose of satisfying bonded indebtedness to be administered by at least one third party custodian designated by the District. The third party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with UMB Bank in order to meet this requirement.

6. Schedule of Future Debt Service Payments

The District's future annual debt service requirements are as follows:

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 189,233	\$ 2,108,954	\$ 2,298,187
2018	1,550,000	717,188	2,267,188
2019	1,610,000	647,469	2,257,469
2020	1,690,000	579,850	2,269,850
2021	1,745,000	526,200	2,271,200
2022-2026	9,570,000	1,762,900	11,332,900
2027-2028	4,335,000	175,100	4,510,100
Totals	<u>\$ 20,689,233</u>	<u>\$ 6,517,661</u>	<u>\$ 27,206,894</u>

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

6. Schedule of Future Debt Service Payments (continued)

The District is obligated under certain lease agreements for technology equipment. These obligations are accounted for as capital leases. The leased assets and related obligations are accounted for in the Statement of Net Position. The following is a schedule of future minimum rental payments due under the terms of the District's capital leases:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 453,050	\$ 32,446	\$ 485,496
2018	384,651	19,464	404,115
2019	290,401	8,370	298,771
Totals	<u>\$ 1,128,102</u>	<u>\$ 60,280</u>	<u>\$ 1,188,382</u>

The net book value of the assets acquired through the capital leases is computed as follows:

Historical Cost	\$ 2,202,943
Less; Accumulated depreciation	<u>(844,355)</u>
Net book value	<u>\$ 1,358,588</u>

8. Compensated Absences

The District has a policy for the accumulation of sick and personal leave payouts. This policy is subject to certain limits, which are established by the Board, and are based on the employee's length of service with the District.

The estimated liability for all employees is recorded in governmental activities in the Statement of Net Position. The General Fund generally liquidates the compensated absences liability.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Long-term Debt (continued)

9. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	(Reductions)	Balance June 30, 2016	Due in one Year
Governmental Activities:					
General obligation bonds	\$ 22,229,233	\$ -	\$ (1,540,000)	\$ 20,689,233	\$ 189,233
Premium on general obligation bonds	3,538,994	-	(451,989)	3,087,005	-
Capital leases	964,843	682,040	(518,781)	1,128,102	453,050
Compensated absences	294,598	-	(20,994)	273,604	-
Net unfunded pension liability	38,269,580	-	2,353,815	40,623,395	-
Total	\$ 65,297,248	\$ 682,040	\$ (177,949)	\$ 65,801,339	\$ 642,283

G. Fund Balances

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portion of loans receivable, etc.

Spendable Fund Balance:

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Education.
- Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Fund Balances (continued)

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District governmental funds had the following equity designations at June 30, 2016:

	Balance	Reason
Non-spendable		
Food Service Fund	\$ 30,991	Inventory
Restricted		
General Fund	579,000	TABOR
Debt Service Fund	2,428,847	Debt service
Assigned		
Food Service Fund	3,004	Fund balance deficit
Student Activities	85,675	Student activities
Capital Reserve	558,888	Capital projects
	\$ 3,686,405	

The District's minimum fund balance policy states the General Fund will maintain an operational reserve of 28% of the District's current fiscal year's adopted budget.

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

At June 30, 2016, the District reported a liability of \$40,623,395 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was 0.27%, as compared to its proportion of 0.28% measured as of December 31, 2014.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2016, the District recognized pension expense of \$2,964,074. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 536,437	\$ 1,692
Changes of assumptions or other inputs	-	574,080
Net difference between projected and actual earnings on pension plan investments	3,454,128	-
Changes in proportionate share of contributions	-	2,485,388
Difference between actual and reported contributions recognized	4,597	-
Contributions subsequent to the measurement date	1,059,994	-
Total	\$ 5,055,156	\$ 3,061,160

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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,	Amortization
2017	\$ (228,977)
2018	(73,713)
2019	517,939
2020	718,753
	\$ 934,002

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following 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
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 ("AIR")

Mortality rates 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.

The actuarial assumptions used in the December 31, 2014 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.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions (continued). The SCHDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Geometric Real Rate of Return</u>
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u>100.00%</u>	

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 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- 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 County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, 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 actuarial cost method and assumptions, 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Collective net pension liability	#####	#####	#####
Proportionate share of net pension liability	\$ 52,659,792	\$ 40,623,395	\$ 30,611,357

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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.

V. Other Information

A. Defined Benefit Pension Plan - Public Employees' Retirement Association of Colorado ("PERA")

1. Defined Benefit Pension Plan

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

Benefits provided. 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
- \$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.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

A. Defined Benefit Pension Plan - Public Employees' Retirement Association of Colorado ("PERA") (continued)

1. Defined Benefit Pension Plan (continued)

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.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

A. Defined Benefit Pension Plan - Public Employees' Retirement Association of Colorado ("PERA") (continued)

1. Defined Benefit Pension Plan (continued)

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below with rates expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42):

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
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	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.00%	4.50%
Total Employer Contribution Rate to the SCHDTF	17.33%	18.13%

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,114,816 for the year ended June 30, 2016.

2. Postemployment Healthcare Benefits

Plan Description: The District 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 County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

A. Employee Benefits – COPERA (continued)

2. Postemployment Healthcare Benefits (continued)

Funding Policy. The District 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 District 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.

The District's contributions to HCTF for the years ended June 30, 2016, 2015, and 2014 were \$118,829, \$120,515, and \$124,934, respectively, equal to their required contributions for each year.

3. Defined Contribution Pension Plan

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

Funding Policy. Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. The District did not make any contributions for the years ended June 30, 2015 and 2014.

B. Contingencies

1. General Legal Matters

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District feels none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2016.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance on ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2016.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

B. Contingencies (continued)

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2016.

C. Northwest Colorado Board of Cooperative Educational Services

The District is an association member, together with other school districts, participating in certain programs of the Northwest Colorado Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. The District provides its own administrative services and does not bear administrative costs borne equally by fully participating districts as it is not a full member. The District pays for services provided by BOCES charged to each district based upon individual needs and the student population.

For the years ended June 30, 2016 and 2015, the District made operating contributions of \$9,667 and \$(39,736), respectively.

D. State Interest Free Loan Program

The Colorado Department of Education allows school districts to borrow funds up to the next year's estimated property tax collections for the specific district to cover operating expenditures. The program was established to assist districts who receive the majority of their program funding through local property taxes. Most property tax revenues are not received by school districts until the last four months of the fiscal year, resulting in a cash flow deficit. The loans are repaid to the State as property taxes are collected.

In fiscal years 2016, and 2015, the District did not obtain any financing under this program.

E. Risk Management

The District is exposed to various risks of loss related to workers' compensation; general liability; unemployment; torts; theft of, damage to, and destruction of assets; and errors and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage. For the last three years, settled claims have not exceeded commercial insurance coverage, nor has there been any reduction in insurance coverage.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

E. Risk Management (continued)

The District participated in the Colorado School Districts Self Insurance Pool. The Pool covers all insurance risks except for Worker’s Compensation. The District pays annual premiums which are adjusted for any dividends during the year. Claim levels of the Pool may affect the District’s premiums in future years. The District did not receive dividends during the year ended June 30, 2016.

Employee Health Care. The District has adopted a plan for self-insurance of health and dental benefits for employees which is administered by a third party administrator. The plan provides for the District to pay all allowable health expenses up to \$95,000 annually, for each insured, with all claims for each insured in excess of \$95,000 insured by a “stop-loss” insurance policy. An aggregate overall stop-loss per calendar year, based on a calculation of monthly attachment points, exists under the plan. Claim payments are based on specific claims expenses. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims, if any. Unpaid claims at yearend included all allocated claims adjustment expenditures. Claims that have been incurred but not reported (“IBNR”) are reported as a liability in the *medical benefits fund* (June 30, 2016 - \$285,363, June 30, 2015 - \$109,703, June 30, 2014 - \$318,320).

Changes in the balance of unpaid claims during the past year are as follows:

	Year ended
	6/30/16
Unpaid claims, beginning of fiscal year	\$ 109,703
Incurred claims (excluding IBNRs.)	2,039,852
Claim Payments	(1,864,192)
Unpaid claims, end of fiscal year	\$ 285,363

Pupil Counts. Each year the District submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute (s), including information regarding students’ funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

Pupil Counts (continued). The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district’s student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits.

The District believes its pupil count information is accurate and any adjustment would not be material.

Moffat County School District RE-1
Notes to the Financial Statements
June 30, 2016
(Continued)

V. Other Information (continued)

F. Colorado School District Self Insurance Pool

The District belongs to the Colorado School Districts Self Insurance Pool (the "Pool"). The Pool was established by the Colorado Association of School Boards ("CASB") to provide insurance coverage to participants in the areas of property, crime, vehicle, liability, School Crisis Act, and other coverage. The majority of the Board of Directors of the Pool is appointed by CASB.

Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, aggregate Pool claims, the cost of administrative and other costs, the number of participants, and the adequacy of operating and reserve funds.

The District's share in the Pool is not determinable from current information. The Pool has issued its own audited financial statements for the year ended December 31, 2015, the latest available data. The following summary information is presented:

Admitted Assets	\$ 46,958,320
Liabilities	(22,633,311)
Surplus	<u>24,325,009</u>
Revenues	14,096,401
Expenses	<u>(16,484,758)</u>
Net Income	<u>(2,388,357)</u>
Change in non-admitted assets	<u>95,339</u>
Surplus - Beginning	<u>26,618,027</u>
Surplus - Beginning	<u>\$ 24,325,009</u>



MOFFAT COUNTY SCHOOL
DISTRICT RE:1



Moffat County School District RE-1

Required Supplementary Information

MOFFAT COUNTY SCHOOL DISTRICT

DEVELOPS GREAT LEADERS, GREAT TEACHERS, GREAT SCHOOLS

Moffat County School District Achievement Soars!

Moffat County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund
Fund Balances - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Taxes:					
Property taxes	11,526,905	11,526,905	11,692,561	165,656	11,876,302
Specific ownership taxes	1,000,000	1,000,000	1,096,918	96,918	1,056,525
Intergovernmental - State revenue	5,163,894	5,163,894	5,255,497	91,603	4,763,083
Intergovernmental - Federal revenue	905,300	905,300	1,030,051	124,751	1,040,714
Interest income	4,000	4,000	11,031	7,031	4,263
Other	712,000	712,000	810,221	98,221	917,902
Total revenues	<u>19,312,099</u>	<u>19,312,099</u>	<u>19,896,279</u>	<u>584,180</u>	<u>19,658,789</u>
EXPENDITURES					
Direct instruction	11,780,250	11,780,250	11,190,506	589,744	11,204,447
Indirect instruction	2,409,230	2,409,230	2,504,471	(95,241)	2,391,199
Transportation	698,489	698,489	669,663	28,826	683,988
Custodial and maintenance	2,434,087	2,434,087	2,384,127	49,960	2,374,724
Support services	662,034	662,034	432,582	229,452	469,628
General administration	1,792,301	1,792,301	1,789,371	2,930	1,734,190
Community service	65,271	65,271	62,224	3,047	59,207
Debt service:					
Interest and fiscal charges	50,000	50,000	44,282	5,718	51,495
Total expenditures	<u>19,891,662</u>	<u>19,891,662</u>	<u>19,077,226</u>	<u>814,436</u>	<u>18,968,878</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(579,563)	(579,563)	819,053	1,398,616	689,911
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(370,000)	(370,000)	(390,000)	(20,000)	(451,380)
Total other financing sources (uses)	<u>(370,000)</u>	<u>(370,000)</u>	<u>(390,000)</u>	<u>(20,000)</u>	<u>(451,380)</u>
NET CHANGE IN FUND BALANCES	(949,563)	(949,563)	429,053	1,378,616	238,531
FUNDS BALANCES, BEGINNING	<u>7,255,901</u>	<u>7,255,901</u>	<u>7,233,703</u>	<u>(22,198)</u>	<u>6,995,172</u>
FUND BALANCES (DEFICIT), ENDING	<u><u>6,306,338</u></u>	<u><u>6,306,338</u></u>	<u><u>7,662,756</u></u>	<u><u>1,356,418</u></u>	<u><u>7,233,703</u></u>

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

Moffat County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund
Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Food Services Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for 2015)

	2016			2015 (As Restated)	
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES					
Food and ala carte sales	185,100	185,100	159,101	(25,999)	175,781
Federal aid:					
Federal government meal reimbursement	369,500	369,500	449,021	79,521	452,094
USDA commodity contribution	50,000	50,000	46,688	(3,312)	22,970
State reimbursement	42,000	42,000	12,877	(29,123)	14,301
Interest income	6	6	6	-	7
Total revenues	646,606	646,606	667,693	21,087	665,153
EXPENDITURES					
Salaries and employee benefits	314,314	314,314	348,192	(33,878)	355,714
Purchased services	15,000	15,000	3,202	11,798	8,461
Supplies	14,500	14,500	20,835	(6,335)	22,110
Food costs:					
Purchased food	235,000	235,000	265,531	(30,531)	286,462
Donated commodities	40,000	40,000	46,037	(6,037)	23,153
Property	18,000	18,000	-	18,000	6,670
Total expenses	636,814	636,814	683,797	(46,983)	702,570
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,792	9,792	(16,104)	(25,896)	(37,417)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	20,000	20,000	50,000
Total other financing sources (uses)	-	-	20,000	20,000	50,000
NET CHANGE IN FUND BALANCES	9,792	9,792	3,896	(5,896)	12,583
FUNDS BALANCES, BEGINNING	14,025	14,025	30,099	16,074	17,516
FUND BALANCES (DEFICIT), ENDING	23,817	23,817	33,995	10,178	30,099

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

Moffat County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Pupil Activity Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Other income	90,110	90,110	97,954	7,844	100,597
Interest Income	5	5	4	(1)	3
Total revenues	<u>90,115</u>	<u>90,115</u>	<u>97,958</u>	<u>7,843</u>	<u>100,600</u>
EXPENDITURES					
Student activities	161,800	161,800	137,897	23,903	128,871
Total expenditures	<u>161,800</u>	<u>161,800</u>	<u>137,897</u>	<u>23,903</u>	<u>128,871</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(71,685)	(71,685)	(39,939)	31,746	(28,271)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	55,000	55,000	55,000	-	80,000
Total other financing sources (uses)	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>80,000</u>
NET CHANGE IN FUND BALANCES	(16,685)	(16,685)	15,061	31,746	51,729
FUND BALANCES, BEGINNING	<u>78,286</u>	<u>78,286</u>	<u>70,614</u>	<u>(7,672)</u>	<u>18,885</u>
FUND BALANCES, ENDING	<u><u>61,601</u></u>	<u><u>61,601</u></u>	<u><u>85,675</u></u>	<u><u>24,074</u></u>	<u><u>70,614</u></u>

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

Moffat County School District RE-1
Schedule of Employer's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's portion of the net pension liability	0.2656%	0.2824%	0.2974%
District's proportionate share of the net pension liability	40,623,395	38,269,580	37,932,017
District's covered-employee payroll	11,649,930	11,815,170	12,248,456
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	349%	324%	317%
Plan fiduciary net position as a percentage of the total pension liability	59.20%	62.84%	64.07%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within fiscal year. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of Employer's Proportionate Share of the Net Pension Liability for the year ended June 30, 2016:

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

The following methodology changes were made:

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

Moffat County School District RE-1
Schedule of District Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	2,005,997	1,943,497	1,861,851
Contributions in relation to the contractually required contribution	<u>(2,005,997)</u>	<u>(1,943,497)</u>	<u>(1,861,851)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered-employee payroll	11,649,930	11,815,170	12,248,456
Contributions as a percentage of covered-employee payroll	17.22%	16.45%	15.20%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of District Contributions For the Year Ended June 30, 2016:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.



MOFFAT COUNTY SCHOOL
DISTRICT RE:1



Moffat County School District RE-1

Supplementary Information

MOFFAT COUNTY SCHOOL DISTRICT

DEVELOPS GREAT LEADERS, GREAT TEACHERS, GREAT SCHOOLS

Moffat County School District Achievement Soars!

Moffat County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Property taxes	2,319,888	2,319,888	2,286,898	(32,990)	2,463,398
Interest Income	150	150	2,745	2,595	261
Total revenues	<u>2,320,038</u>	<u>2,320,038</u>	<u>2,289,643</u>	<u>(30,395)</u>	<u>2,463,659</u>
EXPENDITURES					
Debt service:					
Principal	1,540,000	1,540,000	1,540,000	-	11,264,073
Interest	780,038	780,038	779,938	100	973,566
Total expenditures	<u>2,320,038</u>	<u>2,320,038</u>	<u>2,319,938</u>	<u>100</u>	<u>12,237,639</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(30,295)	(30,295)	(9,773,980)
OTHER FINANCING SOURCES (USES)					
Bond Proceeds - refunding	-	-	-	-	8,515,000
Premium on issuance	-	-	-	-	1,384,242
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,899,242</u>
NET CHANGE IN FUND BALANCES	-	-	(30,295)	(30,295)	125,262
FUND BALANCES, BEGINNING	<u>2,402,805</u>	<u>2,402,805</u>	<u>2,459,142</u>	<u>56,337</u>	<u>2,333,880</u>
FUND BALANCES, ENDING	<u>2,402,805</u>	<u>2,402,805</u>	<u>2,428,847</u>	<u>26,042</u>	<u>2,459,142</u>

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

Moffat County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Other local income	100	100	60,793	60,693	833
Total revenues	100	100	60,793	60,693	833
EXPENDITURES					
Facilities improvements and repairs	88,188	88,188	756,162	(667,974)	1,267,365
Lease payments	547,470	547,470	547,252	218	398,840
Total expenditures	635,658	635,658	1,303,414	(667,756)	1,666,205
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(635,558)	(635,558)	(1,242,621)	(607,063)	(1,665,372)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	-	-	682,040	682,040	1,182,465
Transfers in (out)	315,000	315,000	315,000	-	321,380
Total other financing sources (uses)	315,000	315,000	997,040	682,040	1,503,845
NET CHANGE IN FUND BALANCES	(320,558)	(320,558)	(245,581)	74,977	(161,527)
FUND BALANCES, BEGINNING	765,995	765,995	804,469	38,474	965,996
FUND BALANCES, ENDING	445,437	445,437	558,888	113,451	804,469

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

Moffat County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual (GAAP Basis)
Internal Service Funds
Medical Benefits Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
REVENUES					
Insurance Premiums	2,613,747	2,613,747	2,646,849	33,102	2,421,669
Investment income	500	500	1,424	924	488
Total revenues	<u>2,614,247</u>	<u>2,614,247</u>	<u>2,648,273</u>	<u>34,026</u>	<u>2,422,157</u>
EXPENDITURES					
Claims	2,190,500	2,190,500	1,864,191	326,309	2,418,951
Insurance Premiums	-	-	-	-	56,140
Administrative costs	421,500	421,500	341,355	80,145	307,944
Total expenditures	<u>2,612,000</u>	<u>2,612,000</u>	<u>2,205,546</u>	<u>406,454</u>	<u>2,783,035</u>
CHANGE IN NET POSITION	2,247	2,247	442,727	440,480	(360,878)
NET POSITION - BEGINNING OF THE YEA	<u>452,329</u>	<u>452,329</u>	<u>476,734</u>	<u>24,405</u>	<u>837,612</u>
NET POSITION - END OF THE YEAR	<u><u>454,576</u></u>	<u><u>454,576</u></u>	<u><u>919,461</u></u>	<u><u>464,885</u></u>	<u><u>476,734</u></u>

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

Moffat County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fiduciary
Assets and Liabilities - Budget and Actual (GAAP Basis)
Fiduciary Fund
Student Activity Agency Fund
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
ADDITIONS					
Programs	500,000	500,000	429,317	(70,683)	431,918
Total additions	500,000	500,000	429,317	(70,683)	431,918
DEDUCTIONS					
Programs	500,000	500,000	396,841	103,159	424,817
Total deductions	500,000	500,000	396,841	103,159	424,817
CHANGE IN FIDUCIARY ASSETS AND LIABILITIES	-	-	32,476	32,476	7,101
DUE TO STUDENT ACTIVITIES, BEGINNING	231,092	231,092	238,193	7,101	231,092
DUE TO STUDENT ACTIVITIES, ENDING	231,092	231,092	270,669	39,577	238,193

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

Moffat County School District RE-1
Schedule of Capital Assets
Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets:		
Land	297,333	297,333
Land improvements	850,241	1,052,123
Buildings and improvements	31,226,660	32,542,225
Equipment	2,105,330	2,041,566
Vehicles	196,096	241,763
	<u>34,675,660</u>	<u>36,175,010</u>
Total governmental funds capital assets	<u><u>34,675,660</u></u>	<u><u>36,175,010</u></u>

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



Colorado Department of Education
Auditors Integrity Report
 District: 2020 - MOFFAT COUNTY RE:NO 1
 Fiscal Year 2015-16
 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	7,214,431	19,525,550	19,077,225	7,662,757
18 Risk Mgmt Sub-Fund of General Fund	19,272	-19,272	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	7,233,703	19,506,278	19,077,225	7,662,757
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	30,099	687,694	683,798	33,995
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	70,615	152,959	137,897	85,676
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,459,140	2,289,642	2,319,938	2,428,845
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	804,470	1,057,833	1,303,414	558,888
Totals	10,598,027	23,694,406	23,522,271	10,770,162
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	476,734	1,424	-441,303	919,461
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	476,734	1,424	-441,303	919,461
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	238,193	429,317	396,842	270,669
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	238,193	429,317	396,842	270,669

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.



MOFFAT COUNTY SCHOOL
DISTRICT RE:1



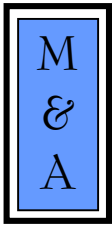
Moffat County School District RE-1

Statutory Information

MOFFAT COUNTY SCHOOL DISTRICT

DEVELOPS GREAT LEADERS, GREAT TEACHERS, GREAT SCHOOLS

Moffat County School District Achievement Soars!



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Independent Auditor's Report

To the Board of Education
Moffat County School District RE-1
Craig, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Moffat County School District RE-1 (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 4, 2016.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

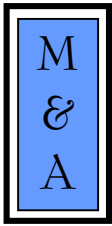
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
November 4, 2016



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Education
Moffat County School District RE-1
Craig, Colorado

Report on Compliance for Each Major Program

We have audited the Moffat County School District RE-1's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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Report on Internal Control Over Compliance

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

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

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

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

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
November 4, 2016

Moffat County School District RE-1, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None reported
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major program –	
School Breakfast Program	CFDA #10.553
National School Lunch Program	CFDA #10.555
Food Distribution Commodities	CFDA #10.555
Summer Food Service Program for Children	CFDA #10.559
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Moffat County School District RE-1
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016
(Continued)

Note: There were no findings for the fiscal year ended June 30, 2015.

Moffat County School District RE-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Project Code</u>	<u>Major Program (Yes/No)</u>	<u>Expenditures</u>
United States Department of Education				
Passed through Colorado Department of Education:				
Title I	84.010	4010	No	\$ 207,880
IDEA Part B: Flow through 94.142 Special Education	84.027	4027	No	434,083 A
IDEA Preschool 99-457	84.173	4173	No	21,361 A
Title III Part A - Language Enhancement	84.365	4365	No	14,046
Title II, Part A Teacher and Principal Training and Recruiting	84.367	4367	No	89,859
Passed through State Department of Human Resources:				
School to Work Alliance Programs (S.W.A.P)	84.126	5126	No	124,990
Passed through State Board of Community Colleges:				
Carl Perkins	84.048	5048	No	15,757
Total United States Department of Education				<u>907,976</u>
United States Department of Agriculture:				
Passed through Moffat County Treasurer:				
Forest Reserve	10.665	7665	No	<u>38,770</u>
United States Department of Agriculture:				
Passed through Colorado Department of Human Services:				
Food Distribution Commodities	10.555	4555	Yes	46,688 B
Passed through Colorado Department of Education:				
School Breakfast Program	10.553	4553	Yes	70,994 B
National School Lunch Program	10.555	4555	Yes	307,399 B
Summer Food Service Program for Children	10.559	4559	Yes	21,123 B
Total United States Department of Agriculture				<u>484,974</u>
Total Federal Expenditures				<u>\$ 1,392,950</u>

Additional Information for Clusters:

A - IDEA Cluster	\$ 455,444
B - Child Nutrition Cluster	\$ 446,204

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2016

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Moffat County School District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of these general purpose financial statements.

Note 2. Determining the Value of Non-Cash Awards Expended:

Food Commodities: Fair market value of commodities at the time recipient received award and the assessed value provided by the federal agency.

Note 3. Sub recipients:

Moffat County School District did not provide any federal awards received to sub recipients.

Note 4. Indirect Facilities and Administration costs:

The District does not opt to use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F & A) costs.