

**MOFFAT COUNTY
AFFILIATED JUNIOR COLLEGE DISTRICT**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2016

FINANCIAL STATEMENTS – 2016



RECEIVED

By Justin L. Smith at 12:05 pm, Sep 29, 2016

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**MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT
CRAIG, COLORADO**

BOARD OF CONTROL

June 30, 2016

Mike Anson, Chairman

Jennifer Riley, Secretary

Lois Wymore, Treasurer

Zachary Allen

Terry Carwile

INDEPENDENT AUDITOR'S REPORT

To the Board of Control
Moffat County Affiliated Junior College District

We have audited the accompanying financial statements of the governmental activities and the major fund of the Moffat County Affiliated Junior College 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Moffat County Affiliated Junior College District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 25 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.

Colorado CPA Services, PC

Rangely, Colorado
August 17, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Moffat County Affiliated Junior College District's (the "District") financial performance provides readers with an overall review of the financial activities of the District for the year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded liabilities by \$1,873,902 at June 30, 2016.
- The District's total cash and investments decreased by \$60,581 or approximately 4 percent from 2015.
- The June 30, 2016 General Fund balance is \$73,800 more than the previous year. The total fund balance is 89 percent of 2016 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the District. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, all of the District's activities are reported as Governmental Activities.

Fund Financial Statements

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 22 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund on page 25 of this report.

REPORTING THE DISTRICT AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position.

The following table provides a summary of the District’s net position for 2015 and 2016.

	Governmental Activities	
	2015	2016
Assets		
Current and other assets	\$ 1,420,331	\$ 1,361,578
Capital assets, net	596,790	649,031
Total assets	<u>2,017,121</u>	<u>2,010,609</u>
Liabilities		
Current and other liabilities	269,259	136,707
Total Liabilities	<u>269,259</u>	<u>136,707</u>
Net Position		
Net investment in capital assets	596,790	649,031
Restricted	69,959	69,438
Unrestricted	1,081,113	1,155,433
Total net position	<u>\$ 1,747,862</u>	<u>\$ 1,873,902</u>

A significant portion of the District’s assets represents unrestricted net position of \$1,155,433 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the District’s net position reflects its net investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$69,438 of the District’s net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the (1) TABOR emergency reserve of \$45,582 and (2) reserved for future projects of \$23,856.

The following table indicates the changes in net position for 2015 and 2016.

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charge for services	\$ -	\$ -
Capital grants and contributions	-	-
General revenues:		
General property taxes	1,411,665	1,387,037
Specific ownership tax	103,993	108,465
Investment earnings	2,349	2,283
County leases	18,125	19,337
Other	3,581	2,286
Total revenues	<u>1,539,713</u>	<u>1,519,408</u>
Expenses:		
Administration	25,499	32,365
College Support	1,091,378	866,080
Tuition Assistance	387,474	470,822
CNCC Foundation Support	25,519	24,101
Total expenses	<u>1,529,870</u>	<u>1,393,368</u>
Increase (decrease) in net position	<u>\$ 9,843</u>	<u>\$ 126,040</u>

Governmental Activities. Governmental activities increased the District's net position by \$126,040 in 2016. Key elements of this increase are as follows:

Total expenses exceeded total revenues.

Several revenue sources fund the District. Property tax is the biggest contributor, accounting for 91 percent of gross revenue. This comes from a 3.025 Mill Levy. Total Property taxes were \$1,387,037, down 2 percent from the prior year.

Total expenses were \$1,393,368, down 9 percent from the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

The District has one governmental fund, the General Fund. Information about the District's governmental fund begins on page 11. These funds are accounted for using the modified accrual basis of accounting.

As of June 30, 2016, the total fund balance of the District's General Fund was \$1,224,871. Approximately 94 percent of the General Fund balance consists of the unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the District. The remainder of the General Fund balance is reserved to indicate that it is not available for new spending because it is committed for a (1) TABOR emergency reserve of \$45,582 and (2) reserved for future projects of \$23,856. The District had General Fund revenues of \$1,519,408 and expenditures of \$1,445,608.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes.

2016 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ 1,151,071
Revenues and other financing sources	1,500,310	-	1,500,310	1,519,408
Expenditures and other financing uses	<u>(1,500,310)</u>	-	<u>(1,500,310)</u>	<u>(1,445,608)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,871</u>

Revenues and other financing sources were \$19,098 more than budget. Specific ownership tax revenues were \$32,692 more than budget accounting for the majority of the difference. Actual expenditures and other financing uses were \$54,702 less than budget. College support expenditures were \$155,579 less than budget and tuition assistance and capital outlay were \$60,822 and \$71,300 more than budget, respectively, and accounted for the majority of the difference.

CAPITAL ASSETS

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2016 totaled \$596,790 (net of accumulated depreciation). This investment includes all land, buildings, and equipment.

A major capital asset event during the current fiscal year included an expenditure of \$71,300 for a new roof on the Trapper building.

The District uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2017 budget:

- A decrease in property tax collected for 2016-2017.
- Support for the college in expanding the campus and payment of a bond.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 2801 W. 9th Street, Craig, Colorado 81625.

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FINANCIAL STATEMENTS

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,295,290
Investments	23,856
Property taxes receivable	42,432
Capital assets, nondepreciable	324,472
Capital assets, net	<u>324,559</u>
TOTAL ASSETS	<u>2,010,609</u>
LIABILITIES	
Accounts payable	<u>136,707</u>
TOTAL LIABILITIES	<u>136,707</u>
NET POSITION	
Net investment in capital assets	649,031
Restricted for:	
Future projects	23,856
Labor emergencies	45,582
Unrestricted	<u>1,155,433</u>
TOTAL NET POSITION	<u><u>\$ 1,873,902</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

		<u>Program Revenues</u>		Net (Expense)
		<u>Charges for</u>	<u>Capital Grants</u>	Revenue and
	<u>Expenses</u>	<u>Services</u>	<u>and</u>	Changes in
			<u>Contributions</u>	Net Position
				<u>Governmental</u>
				<u>Activities</u>
GOVERNMENTAL ACTIVITIES				
Administrative	\$ 32,365	\$ -	\$ -	\$ (32,365)
College Support	588,999	-	-	(588,999)
College Projects	277,081	-	-	(277,081)
Tuition Assistance	470,822	-	-	(470,822)
CNCC Foundation Support	<u>24,101</u>	<u>-</u>	<u>-</u>	<u>(24,101)</u>
TOTAL ACTIVITIES	<u>\$ 1,393,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,393,368)</u>
		GENERAL REVENUES		
				1,387,037
				108,465
				2,283
				19,337
				<u>2,286</u>
		TOTAL GENERAL REVENUES		1,519,408
		CHANGE IN NET POSITION		126,040
		NET POSITION - BEGINNING OF YEAR		<u>1,747,862</u>
		NET POSITION - END OF YEAR		<u>\$ 1,873,902</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2016

	<u>General Fund</u>
 <u>ASSETS</u>	
Cash and cash equivalents	\$ 1,295,290
Investments	23,856
Property taxes receivable	<u>42,432</u>
 TOTAL ASSETS	 <u><u>\$ 1,361,578</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
 LIABILITIES	
Accounts payable	<u>\$ 136,707</u>
 TOTAL LIABILITIES	 <u>136,707</u>
 FUND BALANCES	
Restricted for:	
TABOR emergencies	45,582
Assigned for:	
Future projects	23,856
Unassigned	<u>1,155,433</u>
 TOTAL FUND EQUITY	 <u>1,224,871</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 1,361,578</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Balance sheet - total fund balances	\$ 1,224,871
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>649,031</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,873,902</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 2016**

	<u>General Fund</u>
REVENUES	
General property taxes	\$ 1,387,037
Specific ownership tax	108,465
Interest Earned	2,283
County leases	19,337
Miscellaneous	<u>2,286</u>
TOTAL REVENUES	<u>1,519,408</u>
EXPENDITURES	
Current operating	
Administrative	32,365
College Support	569,939
College Projects	277,081
Tuition Assistance	470,822
CNCC Foundation Support	24,101
Capital outlay	<u>71,300</u>
TOTAL EXPENDITURES	<u>1,445,608</u>
NET INCOME (LOSS)	73,800
FUND BALANCE - BEGINNING OF YEAR	<u>1,151,071</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,224,871</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

Net change in fund balances - total governmental funds \$ 73,800

Amounts reported for governmental activities in the statement of activities are different because:

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 by which depreciation (\$19,060) exceeded capital outlay (\$71,300) in the current period.

52,240

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 126,040

The accompanying "Notes to Financial Statements" are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Moffat County Affiliated Junior College District are in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

A. Financial Reporting Entity

The Moffat County Affiliated Junior College District is a county wide taxing district which provides financial support to Colorado Northwestern Community College, a campus in the State of Colorado community college system. The District provides tuition assistance to local residents, financial support to new and continuing college programs and accumulation of funds for campus expansion.

Funds for the operation of the District are derived through a property tax levy certified by the Board of Control. Interest and other investment income also provide revenues.

The District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14. The Board has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accounting for fiscal matters. In addition, the District does not exercise any of the above powers over any other entity. These financial statements, therefore, include only the operations of Moffat County Affiliated Junior College District.

B. Government-wide and fund financial statements

During fiscal year 2005, the District adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001, and; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001.

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "*Accounting and Financial Reporting for Non-exchange Transactions.*"

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of fiscal year end. For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual to be available if they are collected within 90 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The accounts of a governmental entity are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following fund is currently being used by the Moffat County Affiliated Junior College District.

Governmental Fund

General Fund – The General Fund is the general operation fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Budget and Budgetary Accounting

An annual appropriated budget for the District is adopted after public notice and hearings as required by Colorado State law. The District is prohibited from spending more from any fund than is provided in the budget. The budget may be altered by increasing the fund's total appropriation if unanticipated revenues become available during the year. All appropriations lapse at year end whether or not encumbered. The level of budgetary control, by legal appropriation, is total expenditures by fund. However, the budget document which is adopted by the Board of Control includes a detailed breakdown of revenues and expenditures by departments, programs and objects.

E. Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Capital Assets

Capital Assets are carried at actual or estimated historical cost based on appraisals. Depreciation is computed using the straight-line method and the estimated useful lives are as follows:

Buildings	40 years
Equipment	7 years

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Property Taxes

Property Taxes are levied on or before December 15 on property assessed as of January 1 (lien date) of each year. Tax bills are mailed on or before December 31. The taxes are collectible in the following year in two installments, due February 28 and June 15, or in full by April 30. Uncollected property taxes are sold at public auction during December of each year. Taxes not sold are immaterial in amount and, therefore, are not reflected in the financial statements. The mill levy, assessed valuation, anticipated revenue, estimated uncollectable, and property taxes receivable, net are as follows:

	<u>Mill Levy</u>	<u>Assessed Valuation</u>	<u>Anticipated Revenue</u>	<u>Property Taxes Receivable, Net June 30, 2016</u>
General Fund	3.025	\$ 460,492,933	\$ 1,392,991	\$ 42,432

NOTE 2 - CASH AND INVESTMENTS

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorized the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The District's investment policy is not more restrictive than State statutes. The District's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

Investments held as of June 30, 2016 are as follows:

<u>June 30, 2016</u>	<u>Cost</u>	<u>Market Value</u>
COLOTRUST	<u>\$ 23,856</u>	<u>\$ 23,856</u>

At June 30, 2016, the District had invested \$23,856 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes as authorized by state statute. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. At June 30, 2016 the District's investment in the COLOTRUST was rated AAAM by Standard & Poor's.

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - CASH AND INVESTMENTS, Continued

At June 30, 2016 Cash and Cash Equivalents and Investments were held as follows:

Cash in Checking Accounts:		
Bank of Colorado	\$ 161,734	
LPL Financial Services MMA	106,224	
Cash with Moffat County Treasurer	327,332	
Certificates of Deposit - LPL Financial Services	<u>700,000</u>	
Total		<u>\$ 1,295,290</u>
Investments represents all monies invested in The Colorado Liquid Asset Trust (ColoTrust)		<u>\$ 23,856</u>

The District generally limits its concentration of investments to those which are believed to have a minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosures requirements of subject to investment custodial credit risk for investments that are in the possession of another party.

NOTE 3 - CAPITAL ASSETS

Governmental Activities

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

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Capital assets not being depreciated:				
Land	\$ 324,472	\$ -	\$ -	\$ 324,472
Total assets not being depreciated	<u>324,472</u>	<u>-</u>	<u>-</u>	<u>324,472</u>
Capital assets being depreciated:				
Buildings	519,997	71,300	-	591,297
Equipment	<u>73,775</u>	<u>-</u>	<u>-</u>	<u>73,775</u>
Total assets being depreciated	<u>593,772</u>	<u>71,300</u>	<u>-</u>	<u>665,072</u>
Less accumulated depreciation:				
Buildings	(247,679)	(19,059)	-	(266,738)
Equipment	<u>(73,775)</u>	<u>-</u>	<u>-</u>	<u>(73,775)</u>
Total accumulated depreciation	<u>(321,454)</u>	<u>(19,059)</u>	<u>-</u>	<u>(340,513)</u>
Total assets being depreciated, net	<u>272,318</u>	<u>52,241</u>	<u>-</u>	<u>324,559</u>
Governmental activities capital assets, net	<u>\$ 596,790</u>	<u>\$ 52,241</u>	<u>\$ -</u>	<u>\$ 649,031</u>

Depreciation expense of \$19,059 was charged to College Support.

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2016

NOTE 4 – CONTINGENCIES

In November 1992, Colorado voters passed an amendment (Amendment One) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The amendment also requires that reserves in the amount of 3 percent of fiscal year spending be established for declared emergencies.

The District has no authorized but un-issued debt subject to the amendment's limitation. Based on estimated fiscal year spending for 2016, \$45,582 of the year-end fund balance in the General Fund has been reserved for emergencies.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to tort, thefts of or damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance for most risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 6 – OTHER COMMITMENTS

The District resolved on November 16, 2009 to commit the necessary mill-levy up to a maximum of \$315,000 annually to make the bond payments for a bond issuance of up to and including five million dollars for a period up to and including thirty years. Debt service payments for 2016 were \$277,081.

NOTE 7 – COMMITTED FUND BALANCE

Beginning with the fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 7 – COMMITTED FUND BALANCE, Continued

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

The balances at June 30, 2016 are represented below:

Restricted Fund Balance – TABOR Emergency Reserve	\$ 45,582
Assigned Fund Balance - Future Projects	23,856

NOTE 8 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through August 17, 2016, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

MOFFAT COUNTY AFFILIATED JUNIOR COLLEGE DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2016

	Budget		Actual	Variance
	Original	Final		
REVENUES				
General property taxes	\$ 1,424,537	\$ 1,424,537	\$ 1,387,037	\$ (37,500)
Specific ownership tax	75,773	75,773	108,465	32,692
Interest	-	-	2,283	2,283
County leases	-	-	19,337	19,337
Miscellaneous	-	-	2,286	2,286
TOTAL REVENUES	1,500,310	1,500,310	1,519,408	19,098
EXPENDITURES				
Current operating				
Administrative	44,455	44,455	32,365	12,090
College Support	725,518	725,518	569,939	155,579
College Projects	276,726	276,726	277,081	(355)
Tuition Assistance	410,000	410,000	470,822	(60,822)
CNCC Foundation Support	43,611	43,611	24,101	19,510
Capital outlay	-	-	71,300	(71,300)
TOTAL EXPENDITURES	1,500,310	1,500,310	1,445,608	54,702
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	73,800	\$ 73,800
FUND BALANCE, BEGINNING OF YEAR			1,151,071	
FUND BALANCE, END OF YEAR			\$ 1,224,871	

The accompanying "Notes to Financial Statements" are an integral part of the statement.