

Weld County School District RE-11J
New Raymer, Colorado

Financial Statements

For the Year ended June 30, 2016



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By Justin L. Smith at 11:54 am, Jan 03, 2017

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Independent Auditors' Report

Board of Education
Weld County School District RE-11J
New Raymer, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weld County School District RE-11J (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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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, each major fund, and the aggregate remaining fund information of the 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, budgetary comparison information and historical pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 5, 2016

**WELD COUNTY SCHOOL DISTRICT RE-11J
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

This section of Weld County School District RE-11J annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2016.

Financial Highlights

- The assets of the Weld County School District RE-11J exceeded its liabilities at the close of the most recent fiscal year. Our net position as of June 30, 2016 is \$13,435,923.
- The district's total net position increased by \$106,531.
- General revenues accounted for \$3,206,679 or 95% of the \$3,383,721 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$177,042 or 5% of revenues.
- The general fund ending fund balance reached \$3,356,758. This was an increase of \$368,810 from last year.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statement. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School 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 School District is improving or deteriorating.

The statement of activities presents information showing how the government'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 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.). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance, operations, and administration. Taxes and intergovernmental revenues principally support these activities.

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 School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has two kinds of funds: governmental funds and fiduciary funds.

Governmental Funds

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

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. Thus, 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 change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund and Capital Reserve Capital Projects Fund, which are considered to be major funds. Data for the other three governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Fiduciary Funds

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 20-21 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 government-wide and fund financial statements. The notes to the financial statements may be found on pages 22-47 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 58-72.

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position.

77% of the School District's assets are capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net position as of June 30, 2016.

	Fiscal 2016	Fiscal 2015
Assets		
Current assets	\$ 4,713,589	\$ 4,265,088
Capital assets, net of depreciation	15,702,022	15,971,722
Total assets	20,415,611	20,236,810
Deferred outflows of resources	585,766	192,992
Total assets and deferred outflows of resources	\$ 21,001,377	\$ 20,429,802
Liabilities		
Current liabilities	\$ 214,363	\$ 204,952
Long-term liabilities	7,254,354	6,838,051
Total liabilities	7,468,717	7,043,003
Deferred inflows of resources	96,737	57,407
Net position		
Net investment in capital assets	12,735,060	12,875,425
Restricted	421,692	357,559
Unrestricted	279,171	96,408
Total net position	13,435,923	13,329,392
Total liabilities, deferred inflows of resources and net position	\$ 21,001,377	\$ 20,429,802

The following table is a summary of the District's changes in net position.

	Fiscal 2016	Fiscal 2015
Revenues		
Program revenues		
Charges for services	\$ 46,805	\$ 157,551
Operating grants and contributions	130,237	97,709
Total program revenues	177,042	255,260
General revenues		
Tax revenues	3,011,724	2,975,781
Earnings on investments	4,552	387
Miscellaneous	190,403	16,200
Total general revenues	3,206,679	2,992,368
Total revenues	3,383,721	3,247,628
Expenses		
Instruction	1,608,689	1,747,880
Supporting services	1,201,842	1,454,223
Unallocated depreciation	342,100	-
Interest on long-term obligations	124,559	129,658
Total expenses	3,277,190	3,331,761
Change in net position	106,531	(84,133)
Net position at beginning of year	13,329,392	13,413,525
Net position at end of year	\$ 13,435,923	\$ 13,329,392

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$13,289 per funded student. In fiscal year 2015-16 the funded pupil count was 191.4. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District's assessed valuation generated \$2,831,127 in property taxes for fiscal year 2015-2016.

Governmental Funds

The focus of the School 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 School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$4,507,810, an increase of \$437,193. The General, Capital Reserve Capital Projects and Other Governmental Funds had fund balance increases of \$368,810, \$40,308 and \$28,075, respectively.

General Fund Budget Highlights

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

Key Budget Points:

- The District was funded primarily by local property taxes with no money coming from the state formula since the District's assessed valuation was in excess of \$450,000,000.
- The budget was based on a student count number of 199 FTE's. The student number is healthy and increasing annually to the point that a number of classes are currently capped.
- The General Fund ending balance continues to increase, and is expected to be in excess of \$2,900,000. Much of the balance is committed to our agreement with the BEST program for eventual repairs to the new school building.

The differences that were found between the final budget and the actual amounts can be found beginning on page 58.

Capital Assets and Debt Administration

Capital Assets

The School District's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$15,702,022 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

The School District's total capital assets at June 30, 2016 net of accumulated depreciation consisted of the following:

Land	\$	10,745
Land improvements		98,821
Buildings and improvements		15,140,365
Furniture and equipment		329,295
Licensed vehicles		122,796
<u>Totals</u>	\$	<u>15,702,022</u>

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

Long-Term Debt

The School District's total long-term debt at June 30, 2016 consisted of the following:

Bonds payable	\$ 2,966,962
Net pension liability	4,287,392
<u>Totals</u>	<u>\$ 7,254,354</u>

Economic Factors

The budget is based upon the goals of the school and the Board of Education.

Key Factors:

- Enrollment is steady to increasing.
- Revenue is limited.
- Health insurance costs are rising faster than inflation.
- Salaries are a major expenditure. There was a modest increase to retain a quality staff.
- PERA contributions increased to 19.15%.
- Energy cost have moderated.
- The District supplements the food service program to provide good, nutritious meals to students at a very affordable price.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Weld County School District RE-11J, 42315 W.C.R. 133, P.O. Box 168, New Raymer, Colorado, 80742.

Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

WELD COUNTY SCHOOL DISTRICT RE-11J
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash	\$ 629,761
Cash with fiscal agent	13,272
Investments	4,011,702
Receivables	57,711
Inventory	1,143
Capital assets, net of depreciation	<u>15,702,022</u>
Total assets	20,415,611
Deferred outflows of resources	
Pension deferrals	<u>585,766</u>
Total deferred outflows of resources	<u>585,766</u>
Total assets and deferred outflows of resources	<u>\$ 21,001,377</u>
Liabilities	
Accounts payable	\$ 18,131
Accrued salaries and benefits	167,081
Other current liabilities	18,968
Accrued interest payable	10,183
Noncurrent liabilities	
Due within one year	134,661
Due in more than one year	<u>7,119,693</u>
Total liabilities	7,468,717
Deferred inflows of resources	
Pension deferrals	<u>96,737</u>
Total deferred inflows of resources	96,737
Net position	
Net investment in capital assets	12,735,060
Restricted for:	
Emergencies	91,000
Colorado preschool program	18,128
Debt service	279,455
Food service operations	33,109
Unrestricted	<u>279,171</u>
Total net position	<u>13,435,923</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 21,001,377</u>

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

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WELD COUNTY SCHOOL DISTRICT RE-11J
Statement of Activities
For the Year Ended June 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 1,608,689		\$ 125,003	
Supporting services				
Students	74,653			
Instructional staff	42,615		3,500	
General administration	165,836			
School administration	108,568			
Business services	196,808			
Operations and maintenance	273,389			
Student transportation	200,419		1,734	
Food service operations	139,554	\$ 46,805		
Unallocated depreciation *	342,100			
Interest on long-term obligations	124,559			
Total governmental activities	\$ 3,277,190	\$ 46,805	\$ 130,237	\$ -

General revenues
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Specific ownership taxes
 Delinquent taxes and interest
 Earnings on investments
 Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

* This amount excludes depreciation that is included in the direct expenses of the various programs.

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (1,483,686)

(74,653)

(39,115)

(165,836)

(108,568)

(196,808)

(273,389)

(198,685)

(92,749)

(342,100)

(124,559)

(3,100,148)

2,571,064

260,063

180,463

134

4,552

190,403

3,206,679

106,531

13,329,392

\$ 13,435,923

WELD COUNTY SCHOOL DISTRICT RE-11J
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 114,003	\$ 379,025	\$ 136,733	\$ 629,761
Cash with fiscal agent	13,252		20	13,272
Investments	3,412,701	346,416	252,585	4,011,702
Due from other funds			34,873	34,873
Property taxes receivable	1,995		202	2,197
Grants receivable	38,236			38,236
Other receivables	13,317		3,961	17,278
Inventory			1,143	1,143
Total assets	\$ 3,593,504	\$ 725,441	\$ 429,517	\$ 4,748,462
Liabilities				
Accounts payable	\$ 18,131			\$ 18,131
Due to other funds	34,873			34,873
Accrued salaries and benefits	163,305		\$ 3,776	167,081
Other current liabilities	18,968			18,968
Total liabilities	235,277	\$ -	3,776	239,053
Deferred inflows of resources				
Deferred property tax revenues	1,469		130	1,599
Total deferred inflows of resources	1,469	-	130	1,599
Fund balance				
Nonspendable inventory			1,143	1,143
Restricted for:				
Emergencies	91,000			91,000
Colorado preschool program	18,128			18,128
Debt service			279,455	279,455
Food service operations			33,109	33,109
Committed to:				
Capital projects		725,441		725,441
Pupil activities			111,904	111,904
Unassigned	3,247,630			3,247,630
Total fund balance	3,356,758	725,441	425,611	4,507,810
Total liabilities, deferred inflows of resources and fund balance	\$ 3,593,504	\$ 725,441	\$ 429,517	\$ 4,748,462

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

WELD COUNTY SCHOOL DISTRICT RE-11J
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2016

Amounts reported for governmental activities in the statement
of net position is different because:

Total fund balance - governmental funds	\$ 4,507,810
Capital assets net of depreciation used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	15,702,022
Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	1,599
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(10,183)
Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(6,765,325)</u>
Net position of the governmental activities	<u>\$ 13,435,923</u>

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

WELD COUNTY SCHOOL DISTRICT RE-11J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 2,784,453	\$ 652	\$ 422,535	\$ 3,207,640
Intermediate sources	44,245			44,245
State sources	15,915		1,303	17,218
Federal sources	85,129		27,890	113,019
Total revenues	2,929,742	652	451,728	3,382,122
Expenditures				
Instruction	1,339,089		127,307	1,466,396
Supporting services	939,843		124,154	1,063,997
Capital outlay		160,344		160,344
Debt service				
Principal			129,335	129,335
Interest and fiscal charges			124,857	124,857
Total expenditures	2,278,932	160,344	505,653	2,944,929
Excess of revenues over (under) expenditures	650,810	(159,692)	(53,925)	437,193
Other financing sources (uses)				
Transfers in		200,000	82,000	282,000
Transfers out	(282,000)			(282,000)
Total other financing sources (uses)	(282,000)	200,000	82,000	-
Net change in fund balances	368,810	40,308	28,075	437,193
Fund balance at beginning of year	2,987,948	685,133	397,536	4,070,617
Fund balance at end of year	\$ 3,356,758	\$ 725,441	\$ 425,611	\$ 4,507,810

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

WELD COUNTY SCHOOL DISTRICT RE-11J
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - governmental funds	\$ 437,193
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(269,700)
Because some revenues will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	1,599
In the statement of activities, certain operating expenses - pension liabilities, related deferred outflows and inflows, and interest - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(191,896)
Repayment of principal on general obligation bonds are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	<u>129,335</u>
Change in net position of governmental activities	<u>\$ 106,531</u>

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

WELD COUNTY SCHOOL DISTRICT RE-11J
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Private Purpose Trust Fund</u>
Assets	
Investments	\$ 27,886
Total assets	<u>\$ 27,886</u>
Liabilities and net position	
Liabilities	\$ -
Net position	
Held in trust for scholarships	<u>27,886</u>
Total liabilities and net position	<u>\$ 27,886</u>

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

WELD COUNTY SCHOOL DISTRICT RE-11J
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Private Purpose Trust Fund</u>
Additions	
Contributions and earnings	\$ 20
Total additions	20
Deductions	
Scholarship awards	-
Total deductions	-
Change in net position	20
Net position at beginning of year	<u>27,866</u>
Net position at end of year	<u><u>\$ 27,886</u></u>

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

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Weld County School District RE-11J's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

A.1 – Reporting entity

The Weld County School District RE-11J is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A - Summary of significant accounting policies (Continued)

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

Capital Reserve Capital Projects Fund - This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

The following are the District's nonmajor governmental funds:

Food Service Fund - This fund is a special revenue fund used to account for the financial activities associated with the District's food service operations.

Pupil Activity Agency Fund - This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Bond Redemption - This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest, and other fiscal charges.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District has the following fiduciary fund:

Scholarship Trust Fund - This fund is a private-purpose trust fund used to account for resources held by the District in a fiduciary capacity for scholarships to be distributed to area students for post-secondary education.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 180 days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A - Summary of significant accounting policies (Continued)

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

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

Unearned revenue - Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures - the measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 - Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year's budget.

A.6 - Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.7 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Land improvements	20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-15 years
Licensed vehicles	8 years

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Compensated absences benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated vacation leave benefits are paid to employees upon termination of employment.

The District's policy permits employees on 12-month contracts to receive two weeks paid vacation, which days shall not accumulate from year to year. If an employee is discharged, laid off, retires or for some other reason leaves employment prior to taking vacation, the employee shall be compensated for unused vacation time.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

No liability is shown in the financial statements as the amount would be negligible.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.11 – Fund balance

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

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

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

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.12 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note B – Cash and investments (Continued)

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$669,447, of which \$422,956 was insured and \$246,491 was collateralized with securities held by the pledging institution’s trust department or agent in the District’s name.

Investments

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the District had the following investments. The investment in Colotrust (a local government investment pool) is maintained in the General and Bond Redemption Funds.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	\$ 4,022,936	\$ 4,022,936	\$ -	\$ -

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. The District invests funds in Colotrust, a state investment pool operated under C.R.S. 24-75-701, with the Colorado Securities Commissioner having oversight authority. The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. At year-end, the District’s investment in Colotrust was rated AAA by Standard and Poor’s, Fitch Ratings and Moody’s Investors Service.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note B – Cash and investments (Continued)

The following table provides a reconciliation of cash and investments on the statement of net position:

Cash in bank	\$ 629,761
Cash with fiscal agent	13,272
Investments in certificates of deposit	16,652
Investments in Colotrust	<u>4,022,936</u>
Total	<u>\$ 4,682,621</u>
 <u>Statement of net position</u>	
Cash	\$ 629,761
Cash with fiscal agent	13,272
Investments	<u>4,011,702</u>
Subtotal	4,654,735
 <u>Statement of fiduciary net position</u>	
Investments	<u>27,886</u>
Total	<u>\$ 4,682,621</u>

Note C – Receivables

Receivables at year-end consist of the following:

Property taxes receivable	\$ 2,197
Grants receivables	38,236
Other receivables	<u>17,278</u>
Total	<u>\$ 57,711</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Washington County bills and collects property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ -	\$ 34,873
Other governmental funds	<u>34,873</u>	<u>-</u>
Totals	<u>\$ 34,873</u>	<u>\$ 34,873</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 282,000
Capital reserve capital projects fund	200,000	-
Other governmental funds	<u>82,000</u>	<u>-</u>
Totals	<u>\$ 282,000</u>	<u>\$ 282,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$200,000 from the General Fund to the Capital Reserve Capital Projects Fund to set moneys aside for future capital outlays acquisition. The District also transferred \$82,000 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District's Food Service operations (\$62,000) and pupil activities (\$20,000).

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note E - Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 10,745	\$ -	\$ -	\$ 10,745
Capital assets, being depreciated:				
Land improvements	205,105	-	-	205,105
Buildings and improvements	16,039,349	79,935	-	16,119,284
Furniture and equipment	506,046	-	-	506,046
Licensed vehicles	<u>501,360</u>	<u>59,500</u>	-	<u>560,860</u>
Total capital assets, being depreciated	<u>17,251,860</u>	<u>139,435</u>	-	<u>17,391,295</u>
Total capital assets	17,262,605	139,435	-	17,402,040
Less accumulated depreciation for:				
Land improvements	(100,181)	(6,103)	-	(106,284)
Buildings and improvements	(653,722)	(325,197)	-	(978,919)
Furniture and equipment	(126,594)	(50,157)	-	(176,751)
Licensed vehicles	<u>(410,386)</u>	<u>(27,678)</u>	-	<u>(438,064)</u>
Total accumulated depreciation	<u>(1,290,883)</u>	<u>(409,135)</u>	-	<u>(1,700,018)</u>
Capital assets, net	<u>\$ 15,971,722</u>	<u>\$ (269,700)</u>	<u>\$ -</u>	<u>\$ 15,702,022</u>

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Instruction	\$ 13,282
Operations and maintenance	22,577
Student transportation	21,131
Food service operations	10,045
Unallocated	<u>342,100</u>
Total	<u>\$ 409,135</u>

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$167,081. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Bonds payable	\$ 3,096,297	\$ -	\$ (129,335)	\$ 2,966,962	\$ 134,661
Net pension liability	<u>3,741,754</u>	<u>545,638</u>	<u>-</u>	<u>4,287,392</u>	<u>-</u>
Totals	<u>\$ 6,838,051</u>	<u>\$ 545,638</u>	<u>\$ (129,335)</u>	<u>\$ 7,254,354</u>	<u>\$ 134,661</u>

Payments on the bonds payable are made in the Bond Redemption Fund. The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Bonds Payable

\$3,457,066 general obligation bonds, dated December 8, 2011, due in annual installments beginning in fiscal year 2013 ranging from \$117,245 to \$246,695; fixed annual interest rate of 4.12% payable semi-annually on June 1st and December 1st.

Total general obligation bonds \$ 2,966,962

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note G – Long-term debt (Continued)

The following schedule represents the District's debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 134,661	\$ 119,421	\$ 254,082
2018	140,207	113,761	253,968
2019	145,982	107,868	253,850
2020	151,994	101,731	253,725
2021	158,254	95,343	253,597
2022-2026	894,572	371,284	1,265,856
2027-2031	1,094,597	167,139	1,261,736
2032	<u>246,695</u>	<u>5,080</u>	<u>251,775</u>
Totals	<u>\$ 2,966,962</u>	<u>\$ 1,081,627</u>	<u>\$ 4,048,589</u>

Note H – Defined benefit pension plan

Summary of significant accounting policies

Pensions. The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan description. Eligible employees of the 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.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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. Section 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.

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

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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% of PERA's Annual Increase Reserve (AIR) for the SCHDTF.

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

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

Contributions. Eligible employees and 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. Section 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, <u>2015</u>	For the Year Ended December 31, <u>2016</u>
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411	4.20%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>4.00%</u>	<u>4.50%</u>
Total employer contribution rate to the SCHDTF	<u>17.33%</u>	<u>18.13%</u>

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 \$234,718 for the year ended.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the District reported a liability of \$4,287,392 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 the District's 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 0.0280 percent, which was an increase of 0.0004 percent from its proportion measured as of December 31, 2014.

For the year, the District recognized pension expense of \$426,912. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 56,616	\$ 179
Changes of assumptions or other inputs		60,588
Net difference between projected and actual earnings on pension plan investments	364,549	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	40,819	35,970
Contributions subsequent to the measurement date	<u>123,782</u>	<u>-</u>
Total	<u>\$ 585,766</u>	<u>\$ 96,737</u>

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

\$123,782 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. 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, ____	<u>Amount</u>
2017	\$ 89,291
2018	95,670
2019	105,530
2020	<u>74,756</u>
Totals	<u>\$ 365,247</u>

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and 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
Future post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	financed by the annual increase reserve

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.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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.

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 November 15, 2013 adoption of the long-term expected real rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

<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 government 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 projects 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.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimate 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 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 SCHDTP'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.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of the net pension liability	\$ 5,557,714	\$ 4,287,392	\$ 3,230,722

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.

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

Note I – Defined contribution pension plan

Voluntary Investment Program

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

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2016, program members contributed \$5,236 for the Voluntary Investment Program.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note J – Other postemployment benefits

Health Care Trust Fund

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 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.

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. For the fiscal years ended June 30, 2016, 2015 and 2014, the District's contributions to the HCTF were \$12,760, \$12,226 and \$12,831, respectively, equal to their required contributions for each year.

Note K – Risk management

Colorado School Districts Self-Insurance Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$46,613. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note L – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), 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 student enrollment. 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. On November 4, 1997, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$91,000 for the emergency reserve.

Budget law

Colorado local government budget laws require the board of education to adopt a budget and an appropriations resolution for each fiscal year prior to the beginning of the fiscal year. A board of education shall not expend any moneys in excess of the amount appropriated by resolution. If either the budget or appropriations resolution is not adopted, then 90% of the last duly adopted budget and appropriations resolution shall be deemed to be budgeted and appropriated (C.R.S. 29-1-108(2)).

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

The board of education did not adopt an appropriations resolution for the Pupil Activity Fund for the current year. Amounts presented in the budgetary comparison schedule for the Pupil Activity Fund are based on the adopted, but unappropriated, budget. The District appropriated \$215,000 for the fund for the fiscal year ended June 30, 2015. For purposes of budgetary compliance, 90% of this amount, or \$193,500, has been deemed reappropriated for the current year. The following schedule is presented for purposes of compliance with local government budget laws:

	<u>90% Deemed Appropriation</u>	<u>Actual Expenditures</u>	<u>Favorable Variance</u>
Pupil Activity Fund	\$ 193,500	\$ 127,307	\$ 66,193

Note M – Joint venture

The District participates in the Centennial Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. This board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Centennial Board of Educational Services are available by contacting their administrative office in Greeley, Colorado.

For the year, the District's financial contribution was \$52,417.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District's Proportionate Share of the Net Pension Liability
- Schedule of District Contributions

WELD COUNTY SCHOOL DISTRICT RE-11J
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 2,797,335	\$ 2,797,335	\$ 2,784,453	\$ (12,882)
Intermediate sources	1,000	1,000	44,245	43,245
State sources	(31,200)	(31,200)	15,915	47,115
Federal sources	80,400	80,400	85,129	4,729
Total revenues	2,847,535	2,847,535	2,929,742	82,207
Expenditures				
Instruction	1,406,573	1,406,573	1,339,089	67,484
Supporting services	1,067,343	1,067,343	939,843	127,500
Appropriated reserves	2,539,084	2,539,084		2,539,084
Total expenditures	5,013,000	5,013,000	2,278,932	2,734,068
Excess of revenues over (under) expenditures	(2,165,465)	(2,165,465)	650,810	2,816,275
Other financing sources (uses)				
Transfers out	(282,000)	(282,000)	(282,000)	-
Total other financing sources (uses)	(282,000)	(282,000)	(282,000)	-
Net change in fund balance	\$ (2,447,465)	\$ (2,447,465)	368,810	\$ 2,816,275
Fund balance at beginning of year			2,987,948	
Fund balance at end of year			\$ 3,356,758	

WELD COUNTY SCHOOL DISTRICT RE-11J
Schedule of the District's Proportionate Share of the Net Pension Liability ¹
June 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.0280326268%	0.0276075715%
District's proportionate share of the net pension liability	\$ 4,287,392	\$ 3,741,754
District's covered-employee payroll	\$ 1,250,935	\$ 1,156,570
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	342.73%	323.52%
Plan fiduciary net position as a percentage of the total pension liability	59.2%	62.8%

¹ Information is not available prior to June 30, 2015. In future reports, additional years will be added until 10 years of historical data are presented.

WELD COUNTY SCHOOL DISTRICT RE-11J
Schedule of District Contributions ¹
June 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 234,718	\$ 202,496
Contributions in relation to the contractually required contribution	<u>(234,718)</u>	<u>(202,496)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,250,935	\$ 1,156,570
Contributions as a percentage of covered-employee payroll	18.76%	17.51%

¹ Information is not available prior to June 30, 2015. In future reports, additional years will be added until 10 years of historical data are presented.

WELD COUNTY SCHOOL DISTRICT RE-11J
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted. Supplemental appropriations were made during the year.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension schedules

Information about factors that significantly affect trends in the amounts reported in the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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Budgetary Comparison Schedules - General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

WELD COUNTY SCHOOL DISTRICT RE-11J
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 2,650,000	\$ 2,650,000	\$ 2,569,595	\$ (80,405)
Specific ownership taxes	112,000	112,000	180,463	68,463
Delinquent taxes and interest	815	815	120	(695)
Earnings on investments	2,020	2,020	3,697	1,677
Other local sources	32,500	32,500	30,578	(1,922)
Total local sources	2,797,335	2,797,335	2,784,453	(12,882)
Intermediate sources	1,000	1,000	44,245	43,245
State sources				
Special education			(23,750)	(23,750)
Gifted and talented			(3,089)	(3,089)
Transportation	41,000	41,000	1,734	(39,266)
READ Act			906	906
State grants to libraries			3,500	3,500
Small rural schools funding			50,233	50,233
Additional at-risk funding			424	424
Vocational education	30,000	30,000	(16,081)	(46,081)
Return of categoricals	(106,000)	(106,000)		106,000
Services within the BOCES	3,800	3,800	2,038	(1,762)
Total state sources	(31,200)	(31,200)	15,915	47,115
Federal sources				
REAP	23,000	23,000	56,377	33,377
Carl perkins	6,000	6,000		(6,000)
Other federal revenue	28,000	28,000		(28,000)
Early childhood readiness			143	143
Services within the BOCES	23,400	23,400	28,609	5,209
Total federal sources	80,400	80,400	85,129	4,729
Total revenues	\$ 2,847,535	\$ 2,847,535	\$ 2,929,742	\$ 82,207

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WELD COUNTY SCHOOL DISTRICT RE-11J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 909,736	\$ 909,736	\$ 879,899	\$ 29,837
Employee benefits	369,837	369,837	362,992	6,845
Purchased services	37,200	37,200	27,641	9,559
Supplies and materials	85,000	85,000	64,371	20,629
Property	1,000	1,000	628	372
Other	3,800	3,800	3,558	242
Total instruction	1,406,573	1,406,573	1,339,089	67,484
Supporting services				
Students				
Salaries	16,889	16,889	10,709	6,180
Employee benefits	6,430	6,430	3,090	3,340
Purchased services	60,000	60,000	52,417	7,583
Supplies and materials	6,000	6,000	6,867	(867)
Other	100	100		100
Total students	89,419	89,419	73,083	16,336
Instructional staff				
Salaries	22,586	22,586	20,407	2,179
Employee benefits	13,107	13,107	11,136	1,971
Purchased services	1,000	1,000	2,743	(1,743)
Supplies and materials	4,000	4,000	5,337	(1,337)
Total instructional staff	40,693	40,693	39,623	1,070
General administration				
Salaries	84,185	84,185	84,185	-
Employee benefits	31,903	31,903	28,242	3,661
Purchased services	58,800	58,800	33,506	25,294
Supplies and materials	2,000	2,000		2,000
Other	9,000	9,000	7,560	1,440
Total general administration	185,888	185,888	153,493	32,395

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	73,638	73,638	73,638	-
Employee benefits	24,049	24,049	21,856	2,193
Other	5,000	5,000	2,277	2,723
Total school administration	102,687	102,687	97,771	4,916
Business services				
Salaries	73,189	73,189	67,805	5,384
Employee benefits	27,507	27,507	25,322	2,185
Purchased services	87,300	87,300	84,477	2,823
Supplies and materials	10,000	10,000	6,272	3,728
Property	3,000	3,000		3,000
Other			2,990	(2,990)
Total business services	200,996	200,996	186,866	14,130
Operations and maintenance				
Salaries	71,715	71,715	57,872	13,843
Employee benefits	34,458	34,458	25,569	8,889
Purchased services	103,250	103,250	105,540	(2,290)
Supplies and materials	32,000	32,000	30,120	1,880
Property	4,000	4,000	1,281	2,719
Other	5,000	5,000	1,036	3,964
Total operations and maintenance	250,423	250,423	221,418	29,005
Student transportation				
Salaries	80,891	80,891	79,790	1,101
Employee benefits	50,646	50,646	47,244	3,402
Purchased services	15,200	15,200	11,871	3,329
Supplies and materials	50,000	50,000	28,684	21,316
Total student transportation	196,737	196,737	167,589	29,148

(Continued)

WELD COUNTY SCHOOL DISTRICT RE-11J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2016

(Continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Community services				
Purchased services	500	500		500
Total community services	500	500	-	500
Total supporting services	1,067,343	1,067,343	939,843	127,500
Appropriated reserves	2,539,084	2,539,084		2,539,084
Total expenditures	<u>\$ 5,013,000</u>	<u>\$ 5,013,000</u>	<u>\$ 2,278,932</u>	<u>\$ 2,734,068</u>

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.
- Pupil Activity Agency Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

WELD COUNTY SCHOOL DISTRICT RE-11J
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2016

	Food Service Fund	Pupil Activity Fund	Bond Redemption Fund	Totals
Assets				
Cash	\$ 24,829	\$ 111,904		\$ 136,733
Cash with fiscal agent			\$ 20	20
Investments			252,585	252,585
Due from other funds	8,095		26,778	34,873
Property taxes receivable			202	202
Other receivables	3,961			3,961
Inventory	1,143			1,143
Total assets	\$ 38,028	\$ 111,904	\$ 279,585	\$ 429,517
Liabilities				
Accrued salaries and benefits	\$ 3,776			\$ 3,776
Total liabilities	3,776	\$ -	\$ -	3,776
Deferred inflows of resources				
Deferred property tax revenues			130	130
Total deferred inflows of resources	-	-	130	130
Fund balance				
Nonspendable inventory	1,143			1,143
Restricted for:				
Food service operations	33,109			33,109
Debt service			279,455	279,455
Committed to:				
Pupil activities		111,904		111,904
Total fund balance	34,252	111,904	279,455	425,611
Total liabilities, deferred inflows of resources and fund balance	\$ 38,028	\$ 111,904	\$ 279,585	\$ 429,517

WELD COUNTY SCHOOL DISTRICT RE-11J
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Food Service Fund	Pupil Activity Fund	Bond Redemption Fund	Totals
Revenues				
Local sources	\$ 46,805	\$ 115,591	\$ 260,139	\$ 422,535
State sources	1,303			1,303
Federal sources	27,890			27,890
Total revenues	75,998	115,591	260,139	451,728
Expenditures				
Instruction		127,307		127,307
Supporting services	124,154			124,154
Debt service				
Principal			129,335	129,335
Interest and fiscal charges			124,857	124,857
Total expenditures	124,154	127,307	254,192	505,653
Excess of revenues over (under) expenditures	(48,156)	(11,716)	5,947	(53,925)
Other financing sources				
Transfers in	62,000	20,000		82,000
Net change in fund balance	13,844	8,284	5,947	28,075
Fund balance at beginning of year	20,408	103,620	273,508	397,536
Fund balance at end of year	\$ 34,252	\$ 111,904	\$ 279,455	\$ 425,611

WELD COUNTY SCHOOL DISTRICT RE-11J
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 44,300	\$ 44,300	\$ 46,805	\$ 2,505
State sources	1,600	1,600	1,303	(297)
Federal sources	27,000	27,000	27,890	890
Total revenues	72,900	72,900	75,998	3,098
Expenditures				
Salaries	42,138	42,138	36,520	5,618
Employee benefits	31,507	31,507	22,835	8,672
Purchased services	1,000	1,000	452	548
Supplies and materials	68,500	68,500	64,347	4,153
Property	3,000	3,000		3,000
Appropriated reserves	1,855	1,855		1,855
Total expenditures	148,000	148,000	124,154	23,846
Excess of revenues over (under) expenditures	(75,100)	(75,100)	(48,156)	26,944
Other financing sources				
Transfers in	62,000	62,000	62,000	-
Net change in fund balance	\$ (13,100)	\$ (13,100)	13,844	\$ 26,944
Fund balance at beginning of year			20,408	
Fund balance at end of year			\$ 34,252	

WELD COUNTY SCHOOL DISTRICT RE-11J
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments			\$ 11	\$ 11
Pupil activities	\$ 125,000	\$ 125,000	115,580	(9,420)
Total revenues	125,000	125,000	115,591	(9,409)
Expenditures				
Pupil activities	150,000	150,000	127,307	22,693
Total expenditures	150,000	150,000	127,307	22,693
Excess of revenues over (under) expenditures	(25,000)	(25,000)	(11,716)	13,284
Other financing sources				
Transfers in	20,000	20,000	20,000	-
Net change in fund balance	\$ (5,000)	\$ (5,000)	8,284	\$ 13,284
Fund balance at beginning of year of year			103,620	
Fund balance at end of year			\$ 111,904	

WELD COUNTY SCHOOL DISTRICT RE-11J
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 260,000	\$ 260,000	\$ 259,933	\$ (67)
Delinquent taxes and interest			14	14
Earnings on investments			192	192
Total revenues	260,000	260,000	260,139	139
Expenditures				
Debt service				
Principal	129,335	129,335	129,335	-
Interest and fiscal charges	130,915	130,915	124,857	6,058
Appropriated reserves	239,750	239,750		239,750
Total expenditures	500,000	500,000	254,192	245,808
Excess of revenues over (under) expenditures	\$ (240,000)	\$ (240,000)	5,947	\$ 245,947
Fund balance at beginning of year			273,508	
Fund balance at end of year			\$ 279,455	

Budgetary Comparison Schedule – Capital Projects Fund

The District reports the following major capital projects fund:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

WELD COUNTY SCHOOL DISTRICT RE-11J
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 400	\$ 400	\$ 652	\$ 252
Total revenues	400	400	652	252
Expenditures				
Capital outlay				
Land and site improvements	60,000	60,000	6,571	53,429
Buildings and improvements	200,000	200,000	94,273	105,727
Equipment	10,000	10,000		10,000
Licensed vehicles	75,000	75,000	59,500	15,500
Appropriated reserves	455,000	455,000		455,000
Total expenditures	800,000	800,000	160,344	639,656
Excess of revenues over (under) expenditures	(799,600)	(799,600)	(159,692)	639,908
Other financing sources				
Transfers in	200,000	200,000	200,000	-
Net change in fund balance	\$ (599,600)	\$ (599,600)	40,308	\$ 639,908
Fund balance at beginning of year			685,133	
Fund balance at end of year			\$ 725,441	

Budgetary Comparison Schedule - Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Scholarship Trust Fund – This fund is used to record the financial transactions related to the administration of a scholarship trust that is used to award scholarships to area students.

WELD COUNTY SCHOOL DISTRICT RE-11J
Scholarship Trust Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions and earnings	\$ 200	\$ 200	\$ 20	\$ (180)
Expenditures				
Scholarship awards	400	400		400
Appropriated reserves	24,600	24,600		24,600
Total expenditures	25,000	25,000	-	25,000
Excess of revenues over (under) expenditures	\$ (24,800)	\$ (24,400)	20	\$ 24,420
Net position at beginning of year			27,866	
Net position at end of year			\$ 27,886	

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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Independent Auditors' Report on Auditors' Integrity Report

Board of Education
Weld County School District RE-11J
New Raymer, Colorado

We have audited the financial statements of the Weld County School District RE-11J (the District) as of and for the year ended June 30, 2016, and our report thereon dated December 5, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Auditors' Integrity Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 5, 2016



Colorado Department of Education
Auditors Integrity Report
 District: 3147 - PRAIRIE RE-11
 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	-	1000-1999 Total Expenditures & Other Uses	=	6700-5799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	2,957,384		2,537,265		2,140,389		3,354,260
18 Risk Mgmt Sub-Fund of General Fund	2,272		50,661		73,563		-15,630
19 Colorado Preschool Program Fund	23,292		59,816		64,980		18,128
Sub-Total	2,987,948		2,647,742		2,278,932		3,356,758
11 Charter School Fund	0		0		0		0
2026-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	20,407		137,999		124,154		34,252
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	105,620		135,591		127,307		111,904
24 Full Day Kindergarten Mill Levy Override	0		0		0		0
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	273,508		260,140		254,132		279,455
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	865,133		208,652		160,345		725,441
Total	4,076,616		3,362,125		2,944,931		4,507,410
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Total	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	27,866		20		0		27,866
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
75 GASB 34P retirement Fund	0		0		0		0
85 Foundations	0		0		0		0
Total	27,866		20		0		27,866
FINAL							27,866

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