

WELD COUNTY SCHOOL DISTRICT RE-8
FINANCIAL STATEMENTS
JUNE 30, 2016

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TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Fiduciary Funds	
Statement of Net Position	19
Statement of Changes in Net Position	20
Notes to the Financial Statements	21
Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund	44
Grants Fund	45
PERA Pension Plan	
Schedule of the Proportionate Share of the Net Pension Liability	46
Schedule of Employer Contributions.....	47
Note to Required Supplementary Information.....	48

Supplementary Information

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances ..	50

Budgetary Comparison Schedules

Food Service Fund	51
Bond Redemption Fund	52
Capital Reserve Fund	53
Building Fund	54
Private Purpose Trust Fund.....	55

Statement of Changes in Assets and Liabilities – Agency Fund.....	56
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COMPLIANCE SECTION

SINGLE AUDIT

Schedule of Expenditures of Federal Awards	57
Notes to Schedule of Expenditures of Federal Awards	58
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	59
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	61
Schedule of Findings and Questioned Costs.....	63
Schedule of Prior Year Findings and Questioned Costs.....	64

STATE COMPLIANCE

Colorado Department of Education Auditor’s Integrity Report	65
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Weld County School District Re-8
Fort Lupton, 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-8, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Weld County School District Re-8, 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 on pages 4-12, the budgetary comparison information on pages 44-45, the Schedule of the Proportionate Share of the Net Pension Liability on page 46 and the Schedule of Employer Contributions on page 47 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 Weld County School District Re-8's basic financial statements. The combining and individual fund financial statements and schedules and the Colorado Department of Education Auditor's Integrity Report, as listed in the table of contents, are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the Colorado Department of Education Auditor's Integrity Report and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, on our consideration of Weld County School District Re-8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Weld County School District Re-8's internal control over financial reporting and compliance.

Plutt Rogers & Company PC

December 16, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

WELD COUNTY SCHOOL DISTRICT RE-8
Management's Discussion and Analysis
For the Year Ended June 30, 2016

As management of the Weld County School District Re-8 (the District) we offer readers of the District's basic financial statements this narrative and analysis of the financial activities of the District for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$(17,217,198) (net position), a change of \$(2,571,163) from the previous fiscal year of \$(14,646,035). 2015 saw the implementation of GASB 68 which included a Net Pension Liability of \$43,056,888 which increased to \$48,920,237 in 2016. (See Note 8 for additional information).

For the year ended June 30, 2016, the General Fund's fund balance decreased \$1,573,914. The decrease was due largely to investing reserves into new positions to increase student achievement.

The General Fund operations of the District are funded primarily by the tax revenue received under the State School Finance Act (the Act) in the amount of \$19,125,723 and State Equalization refunded payments to CDE totaling \$216,115. Total revenue for the year was \$21,411,214.

Overview of the Financial Statements

This management's discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide funds statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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

During the year ended June 30, 2015, the District implemented GASB 68 which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The District provides its employees with a pension administered by PERA. GASB 68 requires the District to record our proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The District's portion increased \$5,863,349 to \$48,920,237.

The governmental activities of the District include instruction and support services.

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2016

The statement of activities presents information reporting how the District's net position changed during fiscal year 2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, pupil activities, instructional support, general and school administration, business and central services, transportation and Food Services.

The Government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses six Governmental Funds. The General Fund is the largest Governmental Fund and encompasses most of the District's revenues and expenditures. The other five funds consist of the Food Services Fund, the Grants Fund, the Bond Redemption Fund, the Capital Reserve Fund and the Building Fund. An annual appropriated budget for the District is adopted for each fund. A budgetary comparison

WELD COUNTY SCHOOL DISTRICT RE-8
Management's Discussion and Analysis
For the Year Ended June 30, 2016

statement has been provided for each fund to demonstrate compliance with the budget. The governmental fund financial statements can be found on pages 15-18 of this report.

Fiduciary Funds

Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds are the Scholarship Trust Fund and the Pupil Activity Fund. The Pupil Activity Fund generally accounts for student generated revenues and expenditures related to non-classroom activities. The Scholarship Trust Fund provides scholarships to qualifying students. The basic fiduciary fund financial statements can be found on pages 19-20 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 financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the District. The District adopts an annual appropriated budget for all funds, except Agency funds. A budgetary comparison schedule has been provided for the General Fund and the Grants Fund to demonstrate compliance with this budget.

Supplementary Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Additionally, budget to actual schedules are presented for all other funds not presented as part of the required supplementary information.

Government – Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the year ended June 30, 2016, the District's combined liabilities exceeded assets by \$17,217,198. Of this amount \$(33,702,250) is unrestricted; however, since it is negative, it is not available to meet the District's ongoing financial obligations. \$13,674,495 is invested in capital assets. In addition, \$157,482 is restricted for Preschool; \$1,900,075 is restricted for debt service; and \$753,000 is restricted for emergencies under TABOR.

WELD COUNTY SCHOOL DISTRICT RE-8
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Weld County School District Re-8
Net Position

	Governmental Activities	
	2016	2015
Assets		
Current Assets	\$ 16,900,759	\$ 18,191,901
Capital Assets, Net	28,264,283	28,759,737
Total Assets	45,165,042	46,951,638
Deferred Outflows Of Resources		
Deferred Charge on Refunding	138,190	161,221
Deferred Outflows of Resources Related to Pensions	5,438,882	2,165,952
Total Deferred Outflows Of Resources	5,577,072	2,327,173
Liabilities		
Current Liabilities	3,190,656	3,095,500
Non-current Liabilities	64,553,529	60,029,762
Total Liabilities	67,744,185	63,125,262
Deferred Inflows Of Resources		
Deferred Inflows of Resources Related to Pensions	215,127	799,584
Net Position		
Net Investment in Capital Assets	13,674,495	13,305,392
Restricted	2,810,557	2,330,687
Unrestricted	(33,702,250)	(30,282,114)
Total Net Position	\$ (17,217,198)	\$ (14,646,035)

Governmental Activities

Governmental activities decreased the District's net position by \$2,571,163 due to pension expense in GASB No.68. Revenue for 2016 decreased \$258,744 or -1.0% from 2015.

The decrease in revenue was mainly due to recognition of State of Colorado Building Excellent Schools Today (BEST) Grant revenue in 2016 amounting to \$-0- compared to \$4,349,008 in 2015. State funding decreased as a result of an increase in property tax revenue. Colorado Department of Education Per Pupil Funding formula increased. Specifically, property and specific ownership revenues increased \$8,778,128 to \$19,997,600 while State Equalization revenues decreased \$8,338,255. Expenses increased \$2,163,366

WELD COUNTY SCHOOL DISTRICT RE-8
Management's Discussion and Analysis
For the Year Ended June 30, 2016

or 7.9%. Instruction spending increased \$873,966 or 6.0% while support costs increased \$1,334,423 or 10.8%. Additionally, interest on long-term debt decreased \$45,023.

Weld County School District Re-8
Change in Net Position

	Governmental Activities	
	2016	2015
Program Revenues		
Charges for Services	\$ 198,805	\$ 161,747
Operating Grants	4,208,326	4,261,747
Capital Grants	46,910	1,088,570
General Revenues		
Property Taxes	21,216,321	12,055,770
Specific Ownership Taxes	871,877	949,059
State Equalization	(216,115)	8,122,140
Investment Income	27,769	17,472
Other Revenues	576,239	532,371
Total Revenues	26,930,132	27,188,876
Expenses		
Instruction	15,337,068	14,463,102
Supporting Services	13,677,861	12,343,438
Interest on Long Term Debt	486,366	531,389
Total Expenses	29,501,295	27,337,929
Change in Net Position	(2,571,163)	(149,053)
Net Position, Beginning, As Restated	(14,646,035)	(14,496,982)
Net Position, Ending	\$ (17,217,198)	\$ (14,646,035)

Financial Analysis of the District's Funds

Governmental Funds

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

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2016

General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. The General Fund includes the Mill Levy Override Funds MLO 2020 and MLO 2026 and the Preschool Fund. The Preschool Program is required to receive a certain amount of revenue transferred from the General Fund based on Per Pupil Revenue (PPR). Revenues for the General Fund totaled \$21,411,214 in fiscal year 2016 compared to \$20,897,505 in fiscal year 2015, an increase of \$513,709 or 2.5%. Expenditures totaled \$22,533,128 compared to \$21,144,665, an increase of \$1,388,463 or 6.6%.

Revenues

Property Taxes. General Fund property tax revenues increased \$8,855,310 or 86.2% due to an increase in the assessed valuation. Property taxes accounted for about 89.3% of the District's General Fund revenue.

Specific Ownership Taxes. Specific ownership tax is applied to the fair value of vehicles registered in Colorado. Specific ownership tax decreased \$77,182, or -8.1%. Specific Ownership taxes accounted for 4.1% of the District's General Fund revenue.

State Equalization. State equalization revenue decreased \$8,338,255 or -102.7% in fiscal year 2016 and accounted for 0.0% of the District's General Fund revenue.

State and Federal Grants. State grants revenue increased \$19,420 or 2.0% in fiscal year 2016 and accounted for 3.7% of the District's General Fund revenue.

Revenues	2016	2015	Amount of Change	Percentage Change
Property Taxes	\$ 19,125,723	\$ 10,270,413	8,855,310	86.2%
Specific Ownership Tax	871,877	949,059	(77,182)	-8.1%
State Equalization	(216,115)	8,122,140	(8,338,255)	-102.7%
State Grants	1,010,839	991,419	19,420	2.0%
Investment Income	19,606	10,695	8,911	83.3%
Miscellaneous	599,284	553,779	45,505	8.2%
Total	<u>\$ 21,411,214</u>	<u>\$ 20,897,505</u>	<u>\$ 513,709</u>	<u>2.5%</u>

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2016

Expenditures

Overall expenditures for the General Fund increased \$1,388,463 or 6.6% from the previous year.

Expenditures	2016	2015	Amount of Change	Percentage Change
Instruction	\$ 12,223,218	\$ 11,716,800	506,418	4.3%
Students	1,023,985	930,465	93,520	10.1%
Instructional Staff	1,258,577	1,239,541	19,036	1.5%
General Administration	638,676	448,266	190,410	42.5%
School Administration	1,793,294	1,743,147	50,147	2.9%
Business Services	304,644	252,736	51,908	20.5%
Operations and Maintenance	3,101,784	2,683,746	418,038	15.6%
Student Transportation	766,237	735,137	31,100	4.2%
Central Support	1,403,713	1,375,905	27,808	2.0%
Community Services	19,000	18,922	78	0.4%
	<u>\$ 22,533,128</u>	<u>\$ 21,144,665</u>	<u>\$ 1,388,463</u>	<u>6.6%</u>

Other Major Funds

The Designated Grants Fund is used to maintain separate accounting for federal, state and local grant funded programs, which normally have a different fiscal period than that of the District. Total revenues for the Designated Grants fund were \$2,256,812, which equaled expenditures. Revenues decreased \$920,188 in fiscal year 2016 due to recognition of State of Colorado Building Excellent Schools Today (BEST) Grant revenue in 2015. The Building Fund accounts for the proceeds of the 2012 and 2013 general obligation bonds amounting to \$11,725,000. The purpose of the bonds and the BEST Grant is for renovating and upgrading various school properties. During the year ended June 30, 2016, the District expended \$466,891 on the various improvement projects.

General Fund Budgetary Highlights

General Fund revenues and other financing sources budgeted were \$21,175,142 and actual revenues were \$21,411,214. The District budgeted for General Fund expenditures of \$32,274,350 for the year ended June 30, 2016. Actual expenditures were \$22,533,128.

Capital Assets

As of June 30, 2016, the District's Governmental Activities Capital Assets had \$26,264,283 net of accumulated depreciation, invested in a broad range of capital assets, including buildings and

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2016

improvements, site improvements, transportation equipment and other equipment. The District's primary expenditures were the middle school renovation project. The following is a summary of the of the District's capital asset balances.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Construction in Process	\$ 1,672,847	\$ -	\$ -	\$ 1,672,847
Capital Assets Being Depreciated				
Buildings and Improvements	39,561,245	110,092	-	39,671,337
Site Improvements	2,296,418	-	-	2,296,418
Transportation Equipment	1,862,958	-	-	1,862,958
Vehicles	157,152	-	-	157,152
Other Equipment	249,358	21,737	-	271,095
Subtotal	44,127,131	131,829	-	44,258,960
Accumulated Depreciation	(17,040,241)	(627,283)	-	(17,667,524)
Total Capital Assets Being Depreciated	27,086,890	(495,454)	-	26,591,436
Total Governmental Activities Capital Assets	\$ 28,759,737	\$ (495,454)	\$ -	\$ 28,264,283

Additional information can be found in Note 4 to the financial statements.

Long-Term Debt

As of June 30, 2016, the District has long-term debt of \$15,633,292. On November 6, 2012, the district voters approved Ballot Issue 3B, Fort Lupton School Facility Bonds, by increasing its debt by \$11,725,000 with a repayment schedule of up to \$17,590,000 to extend the useful life of existing school facilities and reducing the operation and maintenance costs. A portion of the approved funds were matched by the Colorado BEST program with \$5.5 million of the costs being paid for through a BEST cash grant.

The following is a summary of the District's long-term debt balances.

	2016	2015
General Obligation Bonds	\$ 15,155,000	\$ 16,400,000
Deferred Premium	353,196	381,827
Capital Leases	38,899	115,230
Compensated Absences	86,197	75,817
	<u>\$ 15,633,292</u>	<u>\$ 16,972,874</u>

Additional information can be found in Note 5 to the financial statements.

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2016

Economic Factors and Next Year's Budget

Current school finance legislation continues to have language associated with "negative factors" which continue to erode the District's budget. While local assessed valuations have risen, unlike other governmental entities that may see revenues rise due to valuation, education participates in an equalized funding formula which has nullified the effect of rising valuations and additional dollars to the district.

The primary factors driving the budget for the District are student enrollment and rescissions imposed by the State. The Funded Pupil Count for the 2015 - 16 school year was 2,229.2. The Funded Pupil Count projected for the 2016 - 17 school year is expected to be 2,212.9. These factors, in addition to expected rescission factors, were considered in preparing the District's budget for 2016 - 17.

In the November 2016 election, the community voted to approve a \$48.6 million Bond that will improve each and every school in the district. The breakdown on the money will allow each school to receive new furniture in every classroom, safety improvements including fire sprinklers, American Disabilities Act compliant door hardware, lighting, technology, classroom acoustics, as well as enhancements to the secure entrances. The cost breakdown on your investment is as follows:

- Fort Lupton High School will receive \$10.692 million.
- Twombly Elementary School will receive \$6.804 million.
- Butler Elementary School will receive \$7.29 million.
- Fort Middle School will receive \$972,000.
- New building for Early Childhood Center combination Administrative/Board Room \$5.346 million.
- New building to replace the temporary buildings at Quest. Quest will receive \$17.496 million.

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Weld County School District Re-8
Business Office
301 Reynolds Street
Fort Lupton, CO 80621

BASIC FINANCIAL STATEMENTS

WELD COUNTY SCHOOL DISTRICT RE-8

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities
Assets	
Cash and Investments	\$ 15,974,914
Cash with County Treasurer	36,156
Accounts Receivable	88,963
Taxes Receivable	184,042
Grants Receivable	577,617
Inventory	39,067
Capital Assets Not Being Depreciated	1,672,847
Capital Assets, Net of Accumulated Depreciation	26,591,436
Total Assets	<u>45,165,042</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	138,190
Deferred Outflows of Resources Related to Pensions	5,438,882
Total Deferred Outflows of Resources	<u>5,577,072</u>
Liabilities	
Accounts Payable	300,895
Accrued Liabilities	14,810
Accrued Salaries and Benefits	2,515,818
Unearned Revenues	320,341
Accrued Interest Payable	38,792
Noncurrent Liabilities:	
Due Within One Year	1,415,096
Due in More Than One Year	14,218,196
Net Pension Liability	48,920,237
Total Liabilities	<u>67,744,185</u>
Deferred Inflows of Resources	
Deferred Inflows of Resources Related to Pensions	<u>215,127</u>
Net Position	
Net Investment in Capital Assets	13,674,495
Restricted for:	
Debt Service	1,900,075
Preschool	157,482
Emergencies	753,000
Unrestricted	(33,702,250)
Total Net Position	<u><u>\$ (17,217,198)</u></u>

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

WELD COUNTY SCHOOL DISTRICT RE-8

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenues And Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 15,337,068	\$ 31,298	\$ 3,069,517	\$ -	\$ (12,236,253)
Supporting Services	13,677,861	167,507	1,138,809	46,910	(12,324,635)
Interest and Fiscal Charges	486,366	-	-	-	(486,366)
Total	\$ 29,501,295	\$ 198,805	\$ 4,208,326	\$ 46,910	(25,047,254)
General Revenues:					
Local Property Taxes					21,216,321
Specific Ownership Taxes					871,877
State Equalization					(216,115)
Unrestricted Investment Earnings					27,769
Miscellaneous					576,239
Total General Revenues					22,476,091
Change in Net Position					(2,571,163)
Net Position - Beginning					(14,646,035)
Net Position - Ending					\$ (17,217,198)

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

WELD COUNTY SCHOOL DISTRICT RE-8

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	General	Grants	Building	Total Nonmajor Funds	Total
Assets					
Cash and Investments	\$ 12,055,168	\$ 320,341	\$ 819,117	\$ 2,780,288	\$ 15,974,914
Cash with County Treasurer	36,156	-	-	-	36,156
Accounts Receivable	65,930	23,033	-	-	88,963
Taxes Receivable	161,686	-	-	22,356	184,042
Grants Receivable	-	481,199	-	96,418	577,617
Inventory	-	-	-	39,067	39,067
Due from Other Funds	107,716	-	-	-	107,716
Total Assets	<u>\$ 12,426,656</u>	<u>\$ 824,573</u>	<u>\$ 819,117</u>	<u>\$ 2,938,129</u>	<u>\$ 17,008,475</u>
Liabilities					
Accounts Payable	\$ 89,770	\$ 189,957	\$ -	\$ 21,168	\$ 300,895
Accrued Liabilities	14,810	-	-	-	14,810
Accrued Salaries and Benefits	2,233,129	206,559	-	76,130	2,515,818
Unearned Revenues	-	320,341	-	-	320,341
Due to Other Funds	-	107,716	-	-	107,716
Total Liabilities	<u>2,337,709</u>	<u>824,573</u>	<u>-</u>	<u>97,298</u>	<u>3,259,580</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	<u>98,751</u>	<u>-</u>	<u>-</u>	<u>16,833</u>	<u>115,584</u>
Fund Balances					
Nonspendable	-	-	-	39,067	39,067
Restricted					
Emergencies	753,000	-	-	-	753,000
Colorado Preschool Program	157,482	-	-	-	157,482
Debt Service	-	-	-	1,938,867	1,938,867
Capital Projects	-	-	819,117	-	819,117
Assigned					
Subsequent Year's Expenditures	2,284,833	-	-	-	2,284,833
Future Land Purchases	188,447	-	-	-	188,447
Other Purposes	-	-	-	846,064	846,064
Unassigned	<u>6,606,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,606,434</u>
Total Fund Balances	<u>9,990,196</u>	<u>-</u>	<u>819,117</u>	<u>2,823,998</u>	<u>13,633,311</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,426,656</u>	<u>\$ 824,573</u>	<u>\$ 819,117</u>	<u>\$ 2,938,129</u>	<u>\$ 17,008,475</u>

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

WELD COUNTY SCHOOL DISTRICT RE-8

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
For the Year Ended June 30, 2016**

Total Fund Balances of Governmental Funds	\$ 13,633,311
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Total Net Position reported for governmental activities in the statement of net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital Assets Cost	\$ 45,931,807	
Accumulated Depreciation	<u>(17,667,524)</u>	28,264,283

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the funds. This amount represents property taxes.	115,584
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at June, 30, 2015 are:

Bonds Payable	(15,155,000)	
Bond Premium (to be amortized as interest expense)	(353,196)	
Deferred Loss on Refunding (to be amortized as interest expense)	138,190	
Capital Leases	(38,899)	
Net Pension Liability	(48,920,237)	
Compensated Absences	(86,197)	
Accrued Interest Payable	<u>(38,792)</u>	<u>(64,454,131)</u>

Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds

Pension contributions from the measurement date to June 30, 2016	1,279,290	
Deferred outflows of resources related to pensions	4,159,592	
Deferred inflows of resources related to pensions	<u>(215,127)</u>	<u>5,223,755</u>
Total Net Position of Governmental Activities		<u><u>\$ (17,217,198)</u></u>

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

WELD COUNTY SCHOOL DISTRICT RE-8

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

	General	Grants	Building	Total Nonmajor Funds	Total
Revenues					
Local Sources	\$ 20,616,490	\$ 24,283	\$ 4,517	\$ 2,143,254	\$ 22,788,544
State Sources	794,724	622,655	-	20,189	1,437,568
Federal Sources	-	1,609,874	-	933,998	2,543,872
Charges for Services	-	-	-	160,148	160,148
Total Revenues	21,411,214	2,256,812	4,517	3,257,589	26,930,132
Expenditures					
Current:					
Instruction	12,223,218	1,431,538	-	-	13,654,756
Supporting Services	10,309,910	825,274	-	1,239,042	12,374,226
Capital Outlay	-	-	466,891	7,260	474,151
Debt Service:					
Principal	-	-	-	1,321,331	1,321,331
Interest and Fiscal Charges	-	-	-	495,928	495,928
Total Expenditures	22,533,128	2,256,812	466,891	3,063,561	28,320,392
Excess Revenues Over (Under) Expenditures	(1,121,914)	-	(462,374)	194,028	(1,390,260)
Other Financing Sources					
Transfers In	-	-	-	452,000	452,000
Transfers Out	(452,000)	-	-	-	(452,000)
Total Other Financing Sources (Uses)	(452,000)	-	-	452,000	-
Net Change in Fund Balances	(1,573,914)	-	(462,374)	646,028	(1,390,260)
Fund Balances, Beginning	11,564,110	-	1,281,491	2,177,970	15,023,571
Fund Balances, Ending	\$ 9,990,196	\$ -	\$ 819,117	\$ 2,823,998	\$ 13,633,311

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

WELD COUNTY SCHOOL DISTRICT RE-8

**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 Balance of Governmental Funds	\$ (1,390,260)
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital Outlay	\$ 131,829	
Depreciation Expense	<u>(627,283)</u>	(495,454)

Governmental funds report District pension contributions as expenditures.

However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which costs of benefits earned net of employee contributions exceeded pension contributions from the measurement date (12/31/15) to June 30, 2016.

(2,005,962)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences liability	(10,380)
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The issuance of long-term debt and capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and capital leases consume current financial resources of governmental funds. These transactions, however, have no effect on net position.

Repayments:

General Obligation Bonds Principal Payment	1,245,000	
Capital Leases Principle Payments	<u>76,331</u>	1,321,331

Interest expense in the statement of activities differs from the amount reported in governmental funds because of additional accrued and accreted interest, amortization of bond premiums, issue costs and refunding losses.

Change in accrued interest on long-term debt	3,962	
Amortization of bond premium	28,631	
Amortization of deferred loss on refunding	<u>(23,031)</u>	<u>9,562</u>

Change in Net Position of Governmental Activities	<u>\$ (2,571,163)</u>
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The notes to the financial statements are an integral part of this statement.

WELD COUNTY SCHOOL DISTRICT RE-8

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash and Investments	\$ 22,286	\$ 90,612
Total Assets	22,286	\$ 90,612
Liabilities		
Accounts Payable	1,000	\$ 1,483
Due to Student Groups	-	89,129
Total Liabilities	1,000	\$ 90,612
Net Position Held In Trust for Scholarships	\$ 21,286	

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

WELD COUNTY SCHOOL DISTRICT RE-8
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	<u>Private Purpose Trust Fund</u>
Additions	
Investment Income	\$ 3
Other Revenue	<u>1,000</u>
Total Additions	<u>1,003</u>
Deductions	
Scholarships	<u>1,000</u>
Total Deductions	<u>1,000</u>
Change in Net Position	3
Net Position, Beginning	<u>21,283</u>
Net Position, Ending	<u><u>\$ 21,286</u></u>

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Weld County School District RE-8 (the "District") was consolidated in 1949. The District provides educational services to certain residents of Weld County, Colorado. The District is governed by a seven-member Board of Education.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

A. Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the District.

Based upon the application of these criteria, no additional organizations are included within the District's reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements. Major

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and *accrual basis of accounting*, as are the fiduciary fund financial statements. Agency funds, however, are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Funds are used to account for the District's general government activities. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and capital leases are reported as other financing sources.

Those revenues subject to accrual are property taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year end, on behalf of the District, are also recognized as revenue. Other revenues, such as transportation, vocational and special education, are not subject to accrual because, generally, they are not measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt, or earlier if the accrual criteria are met.

In the fund financial statements, the District reports the following major governmental funds:

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

The **Grants Fund** accounts for federal, state and local grant revenues and the related expenditures.

The **Building Fund** accounts for all resources available for acquiring capital sites, buildings, and equipment through the use of bond sale proceeds.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

The *nonmajor* governmental funds of the District include the **Food Service Fund**, the **Bond Redemption Fund** and the **Capital Reserve Fund**.

In addition, the District reports the following fund types:

The **Private-Purpose Trust Fund** accounts for the activities of various scholarship accounts. The District holds all resources in a purely custodial capacity.

The **Agency Fund** is used to account for resources used to support each school's student and fundraising activities. The District holds all resources in a purely custodial capacity.

D. Assets, Liabilities and Fund Balance/Net Position

1. Deposits and Investments

The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

2. Accounts Receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year but not received at year end are identified as property taxes receivable and are presented net of an allowance for uncollectible taxes.

3. Interfund Receivables/Payables

Receivables and payables between individual funds are classified in the fund financial statements as interfund receivables and interfund payables.

4. Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Payments are due in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date of November 1.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

5. Inventories

Food Service Fund inventories consist of purchased and donated commodities. Purchased inventories are stated at average cost. Donated inventories, received at no cost under a program supported by the federal government, are valued based upon the cost furnished by the federal government.

6. Capital Assets

Capital assets, which include buildings, site improvements, vehicles and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 – 50 years
Site Improvements	20 years
Vehicles	6 – 8 years
Equipment	5 – 15 years

7. 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 unpaid, are reflected as a liability in the financial statements.

8. Unearned Revenues

Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 (expense/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.

10. Compensated Absences

Employees of the District are allowed to accumulate unused vacation and sick time based on their length of employment and classification. Generally, vacation time may only be accrued for one year. Upon termination of employment from the District, an employee will be compensated for all accrued vacation time but not for accumulated sick time. Therefore, no liability for accrued sick time is reported in the financial statements.

Compensated absences are recognized as current salary costs when paid in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

Early Retirement - Employees meeting specific age and years of service criteria are eligible to receive early retirement bonuses. A liability is reported in the financial statements when the bonuses are earned and accepted.

11. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premiums and discounts. Bond premiums, discounts and deferred losses on bond refunding are deferred and amortized over the life of the bonds using the straight-line method and charged to interest expense. The unamortized deferred loss on refunding is reflected as a deferred outflow of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures in both the government-wide and fund financial statements.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

12. 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.

13. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Net Position

Net position represents the difference between the assets and liabilities in the District-wide and fiduciary financial statements. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District reports the following restricted net positions:

Restricted for Debt Service – represents the portion of net position that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for Colorado Preschool Program – Represents the portion of net position that are legally restricted to the Colorado Preschool Program as defined by the School Finance Act of 1994, as amended.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Restricted for Emergencies – Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

Unrestricted net position represents assets that do not have any third-party limitations on their use.

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

Fund Balance

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- ***Nonspendable*** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** - Fund balances are reported as restricted when there are limitations 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.
- ***Committed*** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. The Board of Education also may modify or rescind the commitment.
- ***Assigned*** - Fund balances are reported as assigned when amounts are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the District's Business Manager or the District's Director of Finance to assign fund balances.

Subsequent Year's Expenditures – The District has assigned \$2,284,883 of the year-end fund balance which is appropriated in the 2016-2017 budget.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Future Land Purchases – The District has assigned \$188,447 for future land purchases or development.

- *Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Current Year GASB Pronouncements

For the year ended June 30, 2016, the District adopted the provisions of GASB Statement No. 72 Titled Fair Value Measurements and Application, which is effective for financial statement periods beginning June 30, 2015. Statement No. 72 requires disclosures to be made about fair value measurements, the level of hierarchy, and valuation techniques.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Level 3: Unobservable inputs for an asset or liability.

The District had no items that require the fair value measurement of assets recognized in the accompanying statement of net position measured at fair value on a recurring basis within the fair value hierarchy at June 30, 2016.

NOTE 2: CASH AND INVESTMENTS

At June 30, 2016, the District had the following cash and investments:

Cash on Hand	\$ 1,840
Deposits	3,439,797
Investments	<u>12,646,175</u>
Total	<u>\$ 16,087,812</u>

Cash and investments are reported in the financial statements as follows:

Governmental Activities	\$ 15,974,914
Fiduciary Funds	<u>112,898</u>
Total	<u>\$ 16,087,812</u>

Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2016, the District's bank deposits amounting to \$3,699,612, were insured by either federal depository

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

insurance or collateralized by the financial institutions' agent not in the District's name and consequently were not exposed to custodial credit risk.

Investments

Under Colorado statutes, the District may lawfully invest eligible funds in the following securities:

- Obligations of the United States and certain U.S. government agencies' securities;
- Certain international agencies' securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers' acceptances of certain banks;
- Commercial paper holding the highest credit rating category and with a maturity within 180 days;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market funds;
- Guaranteed investment contracts.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's safekeeping bank must meet the following requirements under District policy: the purchase and sale of securities and repurchase agreements shall be settled on a delivery versus payment basis. Ownership of all securities shall be perfected in the name of the District. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices. As of June 30, 2016, none of the District's investments were exposed to custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To manage exposure to this risk, the District's board approved investment policy limits investment maturities to five years or less. The Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit risk in the portfolio is minimized by investing the majority of assets in U.S. Treasury and Instrumentalities which have the support of the U.S. government and failure to receive maturing funds is remote.

Concentration of Credit Risk – The District's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the District to meet its anticipated cash requirements. The District's policy requires that at least 50% of the portfolio

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

will be invested in some combination of U.S. Treasury securities, Federal Instrumentality securities, Repurchase Agreements or Eligible Local Governmental Investment Pools. The 50% requirement in this combination of safe investments assures that the District's credit risk is spread across a variety of securities and that imprudent concentrations will not occur in slightly more aggressive securities.

As of June 30, 2016, the District has invested \$12,646,175 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The District's investment in COLOTRUST is rated AAAM by Standard and Poor's.

NOTE 3: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The District's claim on cash account holds the cash of all funds. As a result, negative claim on cash balances occur in certain funds and are in essence "financed" by other funds. Positive book cash balances are displayed on the balance sheet as "due from other funds", while negative cash balances are included in "Due to other funds" on the balance sheet.

Interfund balances as of June 30, 2016, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants Fund	<u>\$ 107,716</u>

The balance shown above constitute reimbursements to the General Fund for expenditures/expenses initially made from it that are properly applicable to the Grants. These transactions took place due to grants reimbursement cycle.

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

During the year ended June 30, 2016, the General Fund transferred \$152,000 to the Food Service Fund and \$300,000 to the Capital Reserve Fund to subsidize operations of those funds.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, is summarized below.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Construction in Process	\$ 1,672,847	\$ -	\$ -	\$ 1,672,847
Capital Assets Being Depreciated:				
Buildings and Improvements	39,561,245	110,092	-	39,671,337
Site Improvements	2,296,418	-	-	2,296,418
Transportation Equipment	1,862,958	-	-	1,862,958
Vehicles	157,152	-	-	157,152
Other Equipment	249,358	21,737	-	271,095
Total Capital Assets Being Depreciated	44,127,131	131,829	-	44,258,960
Less Accumulated Depreciation				
Buildings and Improvements	(14,433,585)	(509,436)	-	(14,943,021)
Site Improvements	(1,116,482)	(10,162)	-	(1,126,644)
Transportation Equipment	(1,235,940)	(89,816)	-	(1,325,756)
Vehicles	(149,659)	-	-	(149,659)
Other Equipment	(104,575)	(17,869)	-	(122,444)
Total Accumulated Depreciation	(17,040,241)	(627,283)	-	(17,667,524)
Total Capital Assets Being Depreciated, Net	27,086,890	(495,454)	-	26,591,436
Total Governmental Activities Capital Assets	\$ 28,759,737	\$ (495,454)	\$ -	\$ 28,264,283

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

Governmental Activities

Instruction	\$ 489,762
Supporting Services	137,521
Total	<u>\$ 627,283</u>

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS June 30, 2016

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2016.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2007, Refunding	\$ 5,650,000	\$ -	\$ 755,000	\$ 4,895,000	\$ 790,000
Series 2012	7,600,000	-	-	7,600,000	-
Series 2013	3,150,000	-	490,000	2,660,000	500,000
Subtotal General Obligation Bonds	16,400,000	-	1,245,000	15,155,000	1,290,000
Capital Lease Obligations:					
Transportation Equipment, 2014	52,191	-	34,572	17,619	17,619
Transportation Equipment, 2014	63,039	-	41,759	21,280	21,280
Subtotal Capital Leases	115,230	-	76,331	38,899	38,899
Compensated Absences	75,817	66,881	56,501	86,197	86,197
	16,591,047	\$ 66,881	\$ 1,377,832	15,280,096	\$ 1,415,096
Less Current Portion	(1,397,148)			(1,415,096)	
Plus Unamortized Original Issue Premium	381,827	\$ -	\$ 28,631	353,196	
Total Long-term liabilities	<u>\$ 15,575,726</u>			<u>\$ 14,218,196</u>	

Compensated absences are expected to be liquidated by the General Fund.

General Obligation Bonds

\$6,720,000 General Obligation Refunding Bonds, Series 2007, were issued to advance refund a portion of the General Obligation Bonds, Series 2002. Principal payments are due annually on December 1, through 2021. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3.75% to 5.00%. Repayment of both principal and interest on the bonds are insured by Assured Guaranty Municipal Corp. Bonds maturing on or after January 1, 2017 are callable at par in any order of maturity on December 1, 2016. The bonds are rated A2 by Moody's and AA by Standard and Poor's.

\$7,600,000 General Obligation Bonds, Series 2012, were issued to finance improvements to Fort Lupton High School, Fort Lupton Middle School, Butler Elementary School and Twombly Elementary School. Principal payments are due annually on December 1, through 2029. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.00% to 2.75%. Bonds maturing on or after January 1, 2023 are callable at par in any order of maturity on December 1, 2022. The bonds are rated Aa2 by Moody's.

WELD COUNTY SCHOOL DISTRICT RE-8**NOTES TO THE FINANCIAL STATEMENTS****June 30, 2016**

\$4,125,000 General Obligation Bonds, Series 2013, were issued to finance improvements to Fort Lupton High School, Fort Lupton Middle School, Butler Elementary School and Twombly Elementary School. Principal payments are due annually on December 1, through 2032. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.00% to 3.50%. Bonds maturing on or after January 1, 2023 are callable at par in any order of maturity on December 1, 2022. The bonds are rated Aa2 by Moody's.

Bond payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,290,000	\$ 440,753	\$ 1,730,753
2018	1,340,000	395,341	1,735,341
2019	1,380,000	353,138	1,733,138
2020	1,425,000	309,293	1,734,293
2021	1,470,000	261,638	1,731,638
2022-2026	3,490,000	897,739	4,387,739
2027-2031	3,295,000	488,507	3,783,507
2032-2033	1,465,000	46,125	1,511,125
Total	\$ 15,155,000	\$ 3,192,534	\$ 18,347,534

Capital Leases

The District has entered into capital lease agreements for the purpose of acquiring and financing transportation equipment. All of these agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

Assets acquired through capital leases follow:

Asset	Cost	Accumulated Depreciation	Net Book Value
2014 77 Passenger Bus	\$ 102,188	\$ (25,548)	\$ 76,640
2014 84 Passenger Bus	123,427	(30,858)	92,569
Total	\$ 225,615	\$ (56,406)	\$ 169,209

On November 4, 2013, the District entered into a capital lease agreement with the Bank of Colorado to finance transportation equipment. The agreement requires quarterly lease payments of \$8,928, through November 2016, including interest at 2.85%.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

On November 4, 2013, the District entered into a capital lease agreement with the Bank of Colorado to finance transportation equipment. The agreement requires quarterly lease payments of \$10,784, through November 2016, including interest at 2.85%.

Aggregate minimum lease payments, to maturity, are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 39,298
Minimum Lease Payments	39,298
Less Interest Portion	(399)
Present Value of Minimum Lease Payments	<u>\$ 38,899</u>

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District accounts for its risk activities in the General Fund.

The District purchases commercial insurance for its workers' compensation risks. For its risk of property loss or damage and general liability, the District participates in the Colorado School Districts Self-Insurance Pool (CSDSIP).

The CSDSIP is sponsored by the Colorado Association of School Boards, and operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a board which is comprised of eight members. The eight members include the president, vice president and executive director of the Colorado Association of School Boards (CASB), with the remaining five members being appointed by the Board of Directors of CASB. The District pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The pool agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 7: FORT LUPTON PUBLIC AND SCHOOL LIBRARY

In 1976, the District and the City of Fort Lupton (the "City") formed the Fort Lupton Public and School Library (the "Library") through intergovernmental agreement, and as allowed by State statutes. The agreement was modified on March 16, 2006 to include the Fort Lupton Public and

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

School Library Board of Trustees which caused the library to be recognized as a “Joint Library” as defined by statute and to bring it into compliance with the provisions of the Colorado Library Law (CRS 24-90-101, et seq.). The Library is governed by the Library Board of Trustees consisting of seven members. Three each are appointed by the District and the City and one member is appointed by the six appointees. In addition to serving as Fort Lupton High School’s library, the Library also serves the general public. The obligations of the District to the Library are limited to providing space within Fort Lupton High School for the Library, providing appurtenances to the site, including off street parking, accessible restrooms and services necessary for use of the site as a public library and providing maintenance, custodial care and utilities. Financial information for the Library may be obtained by contacting the City.

NOTE 8: EMPLOYEE PENSION PLAN

Defined Benefit Pension Plan

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

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

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100% 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.

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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% or 100% 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 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% 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% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the SCHDTF.

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

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

Contributions. Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2016
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.20%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.00%	4.50%

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

Total Employer Contribution Rate to the SCHDTF ¹	17.33%	18.13%
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¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,519,204 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$48,920,237 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 0.3198593975%, which was an increase of 0.0021751400% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$2,005,962. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 693,366
Net difference between projected and actual earnings on pension plan investments	4,159,592	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	215,127
Contributions subsequent to the measurement date	1,279,290	N/A
Total	\$ 5,438,882	\$ 908,493

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

\$5,438,882 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2017	\$ 2,182,190
2018	2,182,190
2019	2,325,822
2020	2,660,974
2021	

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90 – 10.10%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; (automatic)	2.00%
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.

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$63,414,924	\$48,920,237	\$36,863,361

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.

NOTE 9: POSTEMPLOYMENT HEALTHCARE 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 annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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 years ending June 30, 2016, 2015 and 2014 the District contributions to the HCTF were \$144,951, \$138,098 and \$135,134, respectively, equal to their required contributions for each year.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2016, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (the "Amendment") which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment.

Fiscal year 1993 provides the basis for spending limitations in future years to which may be applied allowable increases for inflation and student enrollment. In November 1997, voters within the District authorized the District to collect, retain, and expend the full revenues received from any source. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies. At June 30, 2016, the District's reserve of \$753,000 was reported as a restriction of fund balance in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

WELD COUNTY SCHOOL DISTRICT RE-8

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Property Taxes	\$ 10,839,358	\$ 19,171,761	\$ 19,125,723	\$ (46,038)
Specific Ownership Taxes	743,988	802,042	871,877	69,835
Tuition and Fees	30,000	30,000	38,657	8,657
Net Investment Income	10,500	10,500	19,606	9,106
Other	513,405	470,793	560,627	89,834
Total Local Sources	12,137,251	20,485,096	20,616,490	131,394
State Sources				
State Equalization	8,020,739	(216,177)	(216,115)	62
Exceptional Children's Education Act	633,431	633,431	731,893	98,462
Hold Harmless Kindergarten	54,863	54,863	57,192	2,329
Vocational Education	65,000	42,929	23,620	(19,309)
Transportation	175,000	175,000	184,622	9,622
Other	-	-	13,512	13,512
Total State Sources	8,949,033	690,046	794,724	104,678
Total Revenues	21,086,284	21,175,142	21,411,214	236,072
Expenditures				
Current				
Instruction	14,819,295	14,692,368	12,223,218	2,469,150
Students	1,051,015	1,031,930	1,023,985	7,945
Instructional Staff	1,232,546	1,437,574	1,258,577	178,997
General Administration	610,556	700,913	638,676	62,237
School Administration	1,875,187	1,848,316	1,793,294	55,022
Business Services	292,674	297,917	304,644	(6,727)
Operations and Maintenance	3,729,434	3,677,459	3,101,784	575,675
Student Transportation	895,891	842,439	766,237	76,202
Central Support	1,652,186	1,646,246	1,403,713	242,533
Community Services	29,628	25,230	19,000	6,230
Reserves	5,285,115	6,073,958	-	6,073,958
Total Expenditures	31,473,527	32,274,350	22,533,128	9,741,222
Excess Revenues				
Over (Under) Expenditures	(10,387,243)	(11,099,208)	(1,121,914)	9,977,294
Other Financing Sources (Uses)				
Transfers Out	(400,000)	(475,000)	(452,000)	23,000
Net Change in Fund Balance	(8,387,243)	(9,174,208)	(1,573,914)	7,600,294
Fund Balance - Beginning	8,387,243	9,174,208	11,564,110	2,389,902
Fund Balance - Ending	\$ -	\$ -	\$ 9,990,196	\$ 9,990,196

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

SPECIAL REVENUE FUND - GRANTS FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Grants	\$ 14,820	\$ 25,515	\$ 24,283	\$ (1,232)
State Grants	490,851	934,186	622,655	(311,531)
Federal Grants	2,293,985	1,918,108	1,609,874	(308,234)
Total Revenues	2,799,656	2,877,809	2,256,812	(620,997)
Expenditures				
Current				
Instruction	2,799,656	2,877,809	1,431,538	1,446,271
Students	-	-	247,593	(247,593)
Instructional Staff	-	-	511,330	(511,330)
General Administration	-	-	60,764	(60,764)
Community Services	-	-	5,587	(5,587)
Capital Outlay	-	-	-	-
Total Expenditures	2,799,656	2,877,809	2,256,812	620,997
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA PENSION PLAN - SCHOOL DIVISION TRUST FUND**

LAST TEN YEARS *

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District Proportion of the Net Pension Liability (Asset)	0.31986%	0.32624%	0.32624%
District Proportionate Share of the Net Pension Liability (Asset)	\$ 48,920,237	\$ 43,056,888	\$ 41,611,861
District Covered Employee Payroll	\$ 13,939,399	\$ 13,308,692	\$ 13,151,784
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	350.949%	323.525%	316.397%
Calculation of Collective Net Pension Liability (\$ in thousands):			
Total Pension Liability	\$ 37,447,062	\$ 36,473,966	\$ 35,494,976
Plan Fiduciary Net Position	<u>22,152,768</u>	<u>22,920,607</u>	<u>22,740,003</u>
Net Pension Liability	<u>\$ 15,294,294</u>	<u>\$ 13,553,359</u>	<u>\$ 12,754,973</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.16%	62.84%	64.07%

* The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior seven years was not available to report.

WELD COUNTY SCHOOL DISTRICT RE-8

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PERA PENSION PLAN - SCHOOL DIVISION TRUST FUND

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 2,519,204	\$ 2,285,515	\$ 2,116,465	\$ 1,946,617
Contributions in Relation to the Contractually Required Contribution	<u>(2,519,204)</u>	<u>(2,285,515)</u>	<u>(2,116,465)</u>	<u>(1,946,617)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 14,210,929	\$ 13,538,972	\$ 13,248,391	\$ 12,908,385
Contributions as a Percentage of Covered Employee Payroll	17.73%	16.88%	15.98%	15.08%

NOTE: Information for the prior six years was not available to report.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements. By May 31, management 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.

Public hearings are conducted by the Board of Education to obtain taxpayer comments.

Prior to June 30, the budget is adopted by formal resolution.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

During the year ended June 30, 2016, supplementary appropriations approved by the District as follows:

	Original	Modified	
	Appropriation	Appropriation	Change
General Fund	\$ 31,873,527	\$ 32,749,350	\$ 875,823
Grants Fund	2,799,656	2,877,809	78,153
Bond Redemption Fund	3,358,969	3,679,036	320,067
Capital Reserve Fund	716,758	941,996	225,238
Building Fund	972,347	1,283,906	311,559
Food Service Fund	1,258,181	1,305,454	47,273

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

WELD COUNTY SCHOOL DISTRICT RE-8

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016**

	Food Service	Bond Redemption	Capital Reserve	Total
Assets				
Cash and Investments	\$ 1,424	\$ 1,933,344	\$ 845,520	\$ 2,780,288
Taxes Receivable	-	22,356	-	22,356
Grants Receivable	96,418	-	-	96,418
Inventory	39,067	-	-	39,067
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 136,909</u>	<u>\$ 1,955,700</u>	<u>\$ 845,520</u>	<u>\$ 2,938,129</u>
Liabilities				
Accounts Payable	\$ 21,168	\$ -	\$ -	\$ 21,168
Accrued Salaries and Benefits	76,130	-	-	76,130
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>97,298</u>	<u>-</u>	<u>-</u>	<u>97,298</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	-	16,833	-	16,833
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Nonspendable	39,067	-	-	39,067
Restricted for Debt Service	-	1,938,867	-	1,938,867
Assigned	544	-	845,520	846,064
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>39,611</u>	<u>1,938,867</u>	<u>845,520</u>	<u>2,823,998</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 136,909</u>	<u>\$ 1,955,700</u>	<u>\$ 845,520</u>	<u>\$ 2,938,129</u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016**

	Food Service	Bond Redemption	Capital Reserve	Total
Revenues				
Local Sources	\$ -	\$ 2,090,598	\$ 49,010	\$ 2,139,608
Charges for Services	160,148	-	-	160,148
Net Investment Income	5	3,641	-	3,646
State Sources	20,189	-	-	20,189
Federal Sources	933,998	-	-	933,998
Total Revenues	1,114,340	2,094,239	49,010	3,257,589
Expenditures				
Current:				
Supporting Services	1,227,274	-	-	1,227,274
Capital Outlay	1,402	-	5,858	7,260
Debt Service:				
Principal	-	1,245,000	76,331	1,321,331
Interest and Fiscal Charges	-	493,409	2,519	495,928
Total Expenditures	1,228,676	1,738,409	96,476	3,063,561
Excess Revenues Over (Under) Expenditures	(114,336)	355,830	(47,466)	194,028
Other Financing Sources				
Transfers In	152,000	-	300,000	452,000
Total Other Financing Sources	152,000	-	300,000	452,000
Net Change in Fund Balances	37,664	355,830	252,534	646,028
Fund Balances, Beginning	1,947	1,583,037	592,986	2,177,970
Fund Balances, Ending	\$ 39,611	\$ 1,938,867	\$ 845,520	\$ 2,823,998

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**FOOD SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services:				
Food Sales	\$ 176,680	\$ 147,005	\$ 160,148	\$ 13,143
Investment Income	1	2	5	3
State Sources	21,500	21,500	20,189	(1,311)
Federal Sources:				
School Breakfast Program	260,000	260,000	256,135	(3,865)
National School Lunch Program	620,000	620,000	589,251	(30,749)
Summer Food Program	12,000	12,000	16,911	4,911
Donated Commodities	68,000	68,000	71,701	3,701
Transfers In	100,000	175,000	152,000	(23,000)
Total Revenues	1,258,181	1,303,507	1,266,340	(37,167)
Expenditures				
Salaries	351,276	360,847	349,055	11,792
Benefits	174,712	191,571	196,502	(4,931)
Purchased Services	33,775	167,175	171,648	(4,473)
Commodities	500	500	8,452	(7,952)
Supplies and Materials	631,600	553,688	501,336	52,352
Capital Outlay	39,800	31,500	1,402	30,098
Other	200	173	281	(108)
Reserves	26,318	-	-	-
Total Expenditures	1,258,181	1,305,454	1,228,676	76,778
Net Change in Fund Balance	-	(1,947)	37,664	39,611
Fund Balance, Beginning	-	1,947	1,947	-
Fund Balance, Ending	\$ -	\$ -	\$ 39,611	\$ 39,611

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**BOND REDEMPTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Property Taxes	\$ 1,758,553	\$ 2,095,500	\$ 2,090,598	\$ (4,902)
Net Investment Income	500	499	3,641	3,142
Total Revenues	<u>1,759,053</u>	<u>2,095,999</u>	<u>2,094,239</u>	<u>(1,760)</u>
Expenditures				
Debt Service:				
Principal	1,200,000	1,290,000	1,245,000	45,000
Interest and Fiscal Charges	539,303	472,503	493,409	(20,906)
Reserves	<u>1,619,666</u>	<u>1,916,533</u>	<u>-</u>	<u>1,916,533</u>
Total Expenditures	<u>3,358,969</u>	<u>3,679,036</u>	<u>1,738,409</u>	<u>1,940,627</u>
 Net Change in Fund Balance	 (1,599,916)	 (1,583,037)	 355,830	 1,938,867
 Fund Balance, Beginning	 <u>1,599,916</u>	 <u>1,583,037</u>	 <u>1,583,037</u>	 <u>-</u>
 Fund Balance, Ending	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 1,938,867</u></u>	 <u><u>\$ 1,938,867</u></u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**CAPITAL RESERVE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources	\$ 46,910	\$ 49,010	\$ 49,010	\$ -
Expenditures				
Current:				
Operations and Maintenance	108,116	108,116	-	108,116
Student Transportation	-	36,000	11,768	24,232
Capital Outlay	198,000	239,000	5,858	233,142
Debt Service:				
Principal	75,000	75,000	76,331	(1,331)
Interest and Fiscal Charges	1,500	2,500	2,519	(19)
Reserves	334,142	481,380	-	481,380
Total Expenditures	716,758	941,996	96,476	845,520
Excess Revenues Over (Under) Expenditures	(669,848)	(892,986)	(47,466)	845,520
Other Financing Sources				
Transfers In	300,000	300,000	300,000	-
Total Other Financing Sources	300,000	300,000	300,000	-
Net Change in Fund Balance	(369,848)	(592,986)	252,534	845,520
Fund Balance, Beginning	369,848	592,986	592,986	-
Fund Balance, Ending	\$ -	\$ -	\$ 845,520	\$ 845,520

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**BUILDING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Net Investment Income	\$ 500	\$ 2,415	\$ 4,517	\$ 2,102
Local Sources	-	-	-	-
Total Revenues	<u>500</u>	<u>2,415</u>	<u>4,517</u>	<u>2,102</u>
Expenditures				
Capital Outlay	972,347	1,283,906	466,891	817,015
Reserves	-	-	-	-
Total Expenditures	<u>972,347</u>	<u>1,283,906</u>	<u>466,891</u>	<u>817,015</u>
Net Change in Fund Balance	(971,847)	(1,281,491)	(462,374)	819,117
Fund Balance, Beginning	<u>971,847</u>	<u>1,281,491</u>	<u>1,281,491</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 819,117</u></u>	<u><u>\$ 819,117</u></u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**PRIVATE PURPOSE TRUST FUND
BUDGETARY COMPARISON SCHEDULE**

**For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Net Investment Income	\$ 2	\$ 2	\$ 3	\$ 1
Other Revenue	-	-	1,000	1,000
Total Revenues	<u>2</u>	<u>2</u>	<u>1,003</u>	<u>1,001</u>
Expenditures				
Scholarships	525	525	1,000	(475)
Reserves	20,759	20,760	-	20,760
Total Expenditures	<u>21,284</u>	<u>21,285</u>	<u>1,000</u>	<u>20,285</u>
 Net Change in Fund Balance	 (21,282)	 (21,283)	 3	 21,286
Fund Balance, Beginning	<u>21,282</u>	<u>21,283</u>	<u>21,283</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,286</u></u>	<u><u>\$ 21,286</u></u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

For the Year Ended June 30, 2016

	Balance 6/30/15	Additions	Deductions	Balance 6/30/16
PUPIL ACTIVITIES				
Assets				
Cash and Investments	\$ 75,738	\$ 278,289	\$ 263,415	\$ 90,612
Total Assets	<u>\$ 75,738</u>	<u>\$ 278,289</u>	<u>\$ 263,415</u>	<u>\$ 90,612</u>
Liabilities				
Accounts Payable	\$ 8,377	\$ 1,483	\$ 8,377	\$ 1,483
Due to Student Groups	67,361	276,806	255,038	89,129
Total Liabilities	<u>\$ 75,738</u>	<u>\$ 278,289</u>	<u>\$ 263,415</u>	<u>\$ 90,612</u>

See the accompanying Independent Auditor's Report.

COMPLIANCE SECTION

SINGLE AUDIT

The following reports, opinions and schedules report on Federal funds received by the District. The Single Audit Act of 1996 and the Office of Management and Budget (OMB) Circular A-133 establish the reporting requirements for Federal funds.

WELD COUNTY SCHOOL DISTRICT RE-8

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Accrued (Deferred) Revenue 6/30/2015	Receipts	Expenditures	Accrued (Deferred) Revenue 6/30/2016
U.S. Department of Education					
Passed Through State Department of Education					
Title I, Part A	84.010	\$ 153,041	\$ 434,406	\$ 397,858	\$ 116,493
Special Education - IDEA Part B	84.027	208,036	742,914	799,059	264,181
Special Education - IDEA Part B Preschool	84.173	2,528	22,263	21,847	2,112
Title I, Part H - High School Graduation Initiative	84.360	11,097	13,748	10,000	7,349
Title III, Part A - English Language Acquisition	84.365	7,995	41,596	44,354	10,753
Title II, Part A - Improving Teacher Quality	84.367	28,108	108,097	98,708	18,719
Passed Through State Department of Human Services					
Vocational Rehabilitation	84.126	57,576	146,941	135,496	46,131
Passed Through State Community College System					
Vocational Education	84.048	9,238	25,713	23,686	7,211
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>477,619</u>	<u>1,535,678</u>	<u>1,531,008</u>	<u>472,949</u>
U.S. Department of Agriculture					
Passed Through State Department of Human Services					
Food Donation	10.555	-	30,704	30,704	-
Passed Through State Department of Education					
School Breakfast Program	10.553	-	238,067	256,136	18,069
National School Lunch Program	10.555	-	547,423	589,250	41,827
Summer Food Service Program	10.559	13,607	18,497	16,912	12,022
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>13,607</u>	<u>834,691</u>	<u>893,002</u>	<u>71,918</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 491,226</u>	<u>\$ 2,370,369</u>	<u>\$ 2,424,010</u>	<u>\$ 544,867</u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Weld County School District Re-8
Fort Lupton, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weld County School District Re-8, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Weld County School District Re-8's basic financial statements, and have issued our report thereon dated December 16, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Weld County School District Re-8's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Weld County School District Re-8's internal control. Accordingly, we do not express an opinion on the effectiveness of Weld County School District Re-8's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Weld County School District Re-8's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Plutt Rogers & Company PC

December 16, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education
Weld County School District Re-8
Fort Lupton, Colorado

Report on Compliance for Each Major Federal Program

We have audited Weld County School District Re-8's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Weld County School District Re-8's major federal programs for the year ended June 30, 2016. Weld County School District Re-8's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Weld County School District Re-8's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Weld County School District Re-8's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Weld County School District Re-8's compliance.

Opinion on Each Major Federal Program

In our opinion, Weld County School District Re-8 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Weld County School District Re-8 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Weld County School District Re-8's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Weld County School District Re-8's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plutt Rogers & Company PC

December 16, 2016

WELD COUNTY SCHOOL DISTRICT RE-8

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30,

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- | | | |
|---|-----------|----------------------------|
| • Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None Reported |
| • Noncompliance material to financial statements noted? | _____ Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

- | | | |
|---|-----------|----------------------------|
| • Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None Reported |

Type of auditor's report issued on compliance for major programs:

Unqualified

- | | | |
|--|-----------|-----------------|
| • Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | _____ Yes | <u> X </u> No |
|--|-----------|-----------------|

Identification of major programs:

Child Nutrition Cluster:

10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

- | | | |
|--|------------------|----------|
| • Auditee qualified as low-risk auditee? | <u> X </u> Yes | _____ No |
|--|------------------|----------|

II. Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards

There were no findings required to be reported under *Government Auditing Standards*.

III. Findings and questioned costs for federal awards

There were no findings or questioned costs required to be reported under *Government Auditing Standards*.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30,

Finding	Status	Corrective Action Plan or Other Explanation
None Reported		

STATE COMPLIANCE



**Colorado Department of
Education**

Auditors Integrity Report

District: 3140 - WELD COUNTY S/D
RE-8

Fiscal Year 2015-16

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number		Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental		+		-	=
10	General Fund	10,761,639	19,864,131	21,256,670	9,369,100
18	Risk Mgmt Sub-Fund of General Fund	603,068	414,032	553,487	463,613
19	Colorado Preschool Program Fund	199,404	681,050	722,971	157,482
Sub- Total		11,564,110	20,959,213	22,533,128	9,990,196
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue Fund	0	0	0	0
21	Food Service Spec Revenue Fund	1,947	1,266,340	1,228,676	39,611
22	Govt Designated-Purpose Grants Fund	0	2,256,812	2,256,812	0
23	Pupil Activity Special Revenue Fund	0	0	0	0
24	Full Day Kindergarten Mill Levy Override	0	0	0	0
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	1,583,037	2,094,239	1,738,409	1,938,867
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	1,281,491	4,517	466,891	819,117
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	592,986	349,010	96,477	845,520
Totals		15,023,571	26,930,132	28,320,392	13,633,311
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	0	0	0	0
60,65-69	Other Internal Service Funds	0	0	0	0
Totals		0	0	0	0
Fiduciary					
70	Other Trust and Agency Funds	0	0	0	0
72	Private Purpose Trust Fund	21,283	1,003	1,000	21,286
73	Agency Fund	0	0	0	0
74	Pupil Activity Agency Fund	67,361	276,806	255,038	89,129
79	GASB 34-Permanent Fund	0	0	0	0
85	Foundations	0	0	0	0
Totals		88,644	277,809	256,038	110,415
		FINAL			

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

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