



FINANCIAL REPORT

Year Ended June 30, 2016



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Independent Auditors' Report

Board of Education
Weld County School District RE-3(J)
Keenesburg, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Weld County School District RE-3(J), as of and for the year ended June 30, 2016, and the related notes to the financial statements.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Weld County School District RE-3(J) as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

Other Matters

Our audit was made for the purpose of forming opinions on the basic financial statements taken as a whole. The combining statements and individual fund financial statements and schedules on pages 43-54 and the Schedule of Expenditures of Federal Awards required by *Title 2 U.S. Code of Federal Regulations Part 200* on page 55 and the Auditors' Integrity Report figures on page 65 are presented for the purposes of additional analysis, and are not a required part of the basic financial statements of Weld County School District RE-3(J). Such information is the responsibility of the management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting principles generally accepted in the United States require that management discussion and analysis, the General Fund and Designated Grants Fund budgetary comparison schedules, and pension information 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, 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 evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of Weld County School District RE-3(J)'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Anderson & Whitney, P.C.

November 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of Weld County School District RE-3(J) (the District) for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets exceed liabilities by \$68,979 at June 30, 2016. This small balance is caused by the PERA net pension liability of approximately \$35 million required to be recorded by pension accounting standards.
- The General Fund balance was \$6.7 million as of June 30, 2016. Of this amount, \$630 thousand is reserved for emergencies.
- The June 30, 2016 General Fund balance is \$1.1 million more than the previous year-end. The total fund balance is 33% of 2016 General Fund operating expenditures plus operating transfers.
- The Debt Service Fund has a fund balance of \$6.5 million as of June 30, 2016. This balance is a debt service reserve.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information.

Government-wide Financial Statements. The *government-wide financial 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 of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected fees).

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Designated Grants Fund, and Debt Service Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Proprietary Funds. The District maintained a type of proprietary fund until this year. In fiscal year 2016, the Food Service Fund was reclassified to a special revenue fund by a State directive.

Fiduciary Funds. Fiduciary funds are used to account for resources held for student activities. Fiduciary funds are *not* included in the government-wide financial statements because the resources of these funds are not available to support the District's own operations.

The basic fiduciary fund financial statement can be found on page 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 35 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund on pages 43 to 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2016, assets exceeded liabilities by \$68,979.

The following table provides a summary of the District's net position:

June 30	2016	2015
	Governmental Activities	Governmental Activities
Assets		
Current and other assets	\$ 16,006,594	\$ 14,478,800
Capital assets	45,197,416	46,379,092
Total assets	61,204,010	60,857,892
Deferred Outflows of Resources	4,336,601	1,676,564
Liabilities		
Current and other liabilities	3,012,121	3,581,006
Long-term liabilities	60,000,339	58,383,531
Total liabilities	63,012,460	61,964,537
Deferred Inflows of Resources	2,459,172	1,077,471
Net Position		
Net investment in capital assets	19,969,207	19,564,559
Restricted	7,363,065	7,372,770
Unrestricted	(27,263,293)	(27,444,881)
Total net position (deficit)	\$ 68,979	\$ (507,552)

A significant portion of the District's net position represents an unrestricted net deficit of \$27,263,293 which may be used to meet the District's ongoing obligations to students and patrons.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to students; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The only long-term debt is the bonds issued for construction of District schools. The District has no other long-term debt.

An additional \$7,363,065 of the District's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR emergency reserves of \$630,361, \$6,553,520 in reserves for debt service, \$65,079 in preschool reserves, and \$114,055 in permanent and non-expendable funds.

The following table indicates the changes in net position:

Years Ended June 30	2016	2015
	Governmental Activities	Governmental Activities
Revenues:		
Program revenues:		
Charges for services	\$ 308,282	\$ 283,036
Operating grants	2,794,102	3,196,263
General revenues:		
Property taxes	22,602,160	19,587,786
State equalization	--	676,597
Investment earnings	21,255	21,824
Transfers	--	--
Total revenues	25,725,799	23,765,506
Expenses:		
Instruction	13,759,053	12,712,025
Student services	2,572,263	2,462,053
Administrative services	3,213,403	2,953,946
Pupil transportation	981,851	1,275,124
Operations and maintenance	3,088,661	2,217,304
Interest and costs on long-term debt	1,530,652	1,428,589
Total expenses	25,145,883	23,049,041
Increase (decrease) in net position	\$ 579,916	\$ 716,465

Governmental Activities. Governmental activities increased the District's net position by \$579,916 in 2016. Key elements of this increase are as follows:

- Total revenues increased about 8% compared to the prior year, primarily due to enrollment growth. Increased property taxes resulted in a decrease in state equalization and grants.
- Expenses increased about 9% from the previous year, due to costs in serving a growing student body as well as additional pension costs from implementing GASB Statement No. 68.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2016, the total fund balances of the District's governmental funds were \$13,391,773. Approximately 30% of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is reserved or assigned to indicate that it is not available for new spending because it is for the following purposes: (1) a state-constitution mandated emergency reserve (\$630,361); (2) debt service (\$6,553,570); (3) preschool (\$65,079); (4) permanent and non-expendable funds (\$114,005); (5) contingencies (\$2,000,000); and (6) capital outlay (\$51).

The District has three major governmental funds. These are the General Fund, Designated Grants Fund, and the Debt Service Fund.

1. **General Fund.** This is the primary operating fund of the District. It accounts for the District's core services, such as instruction and student services. The General Fund balance was \$6,724,147 as of June 30, 2016. The 2016 fund balance is \$1,090,416 more than the previous year, primarily from higher enrollment and cost controls.
2. **Designated Grants Fund.** The Designated Grants Fund accounts for the receipt and spending of the proceeds of state and federal grants restricted for certain educational purposes. Revenue of \$722,285 and expenditures of \$722,285 were made from this fund, from the proceeds of state and federal grants. The fund is not designed to accumulate a fund balance.
3. **Debt Service Fund.** This is the fund which receives bond redemption property taxes and made bond payments of \$6,553,570 during the year. The fund balance decreased \$2,133 during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

2016 General Fund

	Budget	Actual
Beginning Fund Balance	\$ 5,633,731	\$ 5,633,731
Revenue	21,762,561	21,120,480
Expenditures and reserves	(19,470,557)	(19,416,044)
Transfers	(606,630)	(614,020)
Ending Fund Balance	\$ 7,319,105	\$ 6,724,147

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental type activities as of June 30, 2016 totals \$45.2 million (net of accumulated depreciation). This investment includes all land, buildings, and equipment. The total decrease in investment in capital assets for the current year was \$1.2 million or approximately 3%, due to depreciation.

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

Additional information on the District's capital assets can be found in Note 3 of this report.

Long-term Debt. At June 30, 2016, the District had \$24.6 million of bonds and COP's payable, primarily funded from a bond redemption property tax.

Additional information on the District's debt can be found in Note 2.

OTHER MATTERS

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

- Expected growth in the District's enrollment causes increased demands in all service areas of the District, especially in instruction and student services.
- The State of Colorado's budget shortfall has led to a number of grant programs being reduced or costs shifted to the District.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Weld County School District RE-3(J) finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, P.O. Box 269, Keenesburg, Colorado 80643.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

STATEMENT OF NET POSITION

June 30, 2016	Governmental Activities	Charter School
ASSETS		
Current Assets:		
Cash	\$ 9,079,125	\$ 983,099
Receivables	448,386	8,407
Due to Fiduciary Fund	(255)	-
Total Current Assets	9,527,256	991,506
Noncurrent Assets:		
Investments - restricted	6,479,338	-
Capital assets	71,829,561	1,634,695
Less: Accumulated depreciation	(26,632,145)	(748,162)
Total Noncurrent Assets	51,676,754	886,533
TOTAL ASSETS	61,204,010	1,878,039
Deferred Outflows of Resources:		
Pension plan	4,336,601	288,335
LIABILITIES		
Current Liabilities:		
Accounts payable	849,686	2,602
Accrued salaries and benefits	1,746,104	56,760
Unearned revenue	19,031	-
Current portion of long-term debt	2,300,000	31,962
Total Current Liabilities	4,914,821	91,324
Noncurrent Liabilities:		
Bonds payable	22,274,990	109,502
Bonds payable - premium	643,219	-
Accrued sick leave	397,300	-
Net pension liability	34,782,130	2,295,674
Total Liabilities	63,012,460	2,496,500
Deferred Inflows of Resources:		
Pension plan	2,459,172	32,442
NET POSITION		
Net investment in capital assets	19,969,207	745,069
Restricted for:		
Debt service	6,553,570	-
Emergencies	630,361	46,753
Preschool	65,079	-
Nonexpendable	114,055	-
Unrestricted	(27,263,293)	(1,154,390)
TOTAL NET POSITION (DEFICIT)	\$ 68,979	\$ (362,568)

See Accompanying Notes to Financial Statements

WELD COUNTY SCHOOL DISTRICT RE-3(J)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016	Expenses	Charges for Services
Functions/Programs:		
Governmental activities:		
Instruction	\$ 13,759,053	\$ -
Support services:		
Pupils	828,388	-
Instructional support	1,743,875	308,282
General administration	1,775,132	-
School administration	1,438,271	-
Operations and maintenance	3,088,661	-
Pupil transportation	981,851	-
Interest and costs on long-term debt	1,530,652	-
Total Support Services	11,386,830	308,282
TOTAL GOVERNMENTAL ACTIVITIES	\$ 25,145,883	\$ 308,282
Component Unit:		
Charter School	1,480,739	-
General Revenues:		
State equalization		
Property taxes		
Specific ownership tax		
Investment earnings		
Transfers		
Changes in Net Position		
Net Position - Beginning		
NET POSITION - Ending		

See Accompanying Notes to Financial Statements.

Program	Revenues		Net (Expense) Revenue and Changes in Net Position	
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Charter School
\$	2,794,102	\$ -	\$ (10,964,951)	\$ -
	-	-	(828,388)	-
	-	-	(1,435,593)	-
	-	-	(1,775,132)	-
	-	-	(1,438,271)	-
	-	-	(3,088,661)	-
	-	-	(981,851)	-
	-	-	(1,530,652)	-
	-	-	(11,078,548)	-
\$	2,794,102	\$ -	\$ (22,043,499)	\$ -
	135,265	42,806		(1,302,668)
			-	1,289,602
			21,434,128	89,501
			1,168,032	-
			21,255	1,284
			-	-
			22,623,415	1,380,387
			579,916	77,719
			(510,937)	(440,287)
			\$ 68,979	\$ (362,568)

WELD COUNTY SCHOOL DISTRICT RE-3(J)

BALANCE SHEET - Governmental Funds

June 30, 2016	General Fund	Debt Service Fund	Designated Grants Fund	Other Governmental Funds	Total
ASSETS					
Cash	\$ 8,380,674	\$ -	\$ -	\$ 638,320	\$ 9,018,994
Bank Certificates of Deposit	-	-	-	60,131	60,131
Investments with Trustee	-	6,479,338	-	-	6,479,338
Property Taxes Receivable	20,695	3,375	-	-	24,070
Due from Other Funds	719,446	70,857	-	-	790,303
Other Receivables	10,696	-	346,632	66,988	424,316
TOTAL ASSETS	\$ 9,131,511	\$6,553,570	\$ 346,632	\$ 765,439	\$16,797,152
LIABILITIES AND FUND BALANCES					
Accounts Payable	\$ 809,402	\$ -	\$ 40,659	\$ (375)	\$ 849,686
Accrued Salaries and Benefits	1,597,962	-	124,836	23,306	1,746,104
Unearned Revenue	-	-	12,821	6,210	19,031
Due to Other Funds	-	-	168,316	622,242	790,558
Total Liabilities	2,407,364	-	346,632	651,383	3,405,379
Fund Balances:					
Non-spendable	-	-	-	114,005	114,005
Restricted:					
Debt service	-	6,553,570	-	-	6,553,570
TABOR emergencies	630,361	-	-	-	630,361
Preschool	65,079	-	-	-	65,079
Assigned:					
Capital outlay	-	-	-	51	51
Contingencies	2,000,000	-	-	-	2,000,000
Unassigned	4,028,707	-	-	-	4,028,707
Total Fund Balances	6,724,147	6,553,570	-	114,056	13,391,773
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,131,511	\$6,553,570	\$ 346,632	\$ 765,439	\$16,797,152

See Accompanying Notes to Financial Statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION

June 30, 2016

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

Total Governmental Funds Fund Balance	\$13,391,773
Capital assets used in governmental activities are not financial resources and therefore not reported as net position in governmental funds.	
Cost of capital assets	71,829,561
Accumulated depreciation	(26,632,145)
Deferred inflows and outflows of resources related to pensions	1,877,429
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Compensated absences - long-term portion	(397,300)
Debt payable	(24,574,990)
Bonds payable - premium	(643,219)
Net pension liability	(34,782,130)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 68,979

See Accompanying Notes to Financial Statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - Governmental Funds**

Year Ended June 30, 2016	General Fund	Debt Service Fund	Designated Grants Fund	Other Governmental Funds	Total
Revenue:					
Local sources	\$20,353,549	\$2,858,636	\$ 4,495	\$ 308,282	\$23,524,962
State sources	639,830	-	1,125	23,891	664,846
Federal sources	108,431	-	716,665	689,985	1,515,081
Other	18,670	938	-	1,647	21,255
Total Revenue	21,120,480	2,859,574	722,285	1,023,805	25,726,144
Expenditures:					
Instruction	11,244,212	-	688,702	-	11,932,914
Supporting services	7,790,196	-	33,583	1,020,948	8,844,727
Capital outlay	381,636	-	-	399,684	781,320
Debt service	-	2,861,707	-	265,269	3,126,976
Total Expenditures	19,416,044	2,861,707	722,285	1,685,901	24,685,937
Revenue Over (Under) Expenditures	1,704,436	(2,133)	-	(662,096)	1,040,207
Other Financing Sources (Uses):					
Operating transfers in (out)	(614,020)	-	-	614,020	-
Total Other Financing Sources (Uses)	(614,020)	-	-	614,020	-
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,090,416	(2,133)	-	(48,076)	1,040,207
Fund Balances, Beginning of Year	5,633,731	6,555,703	-	162,132	12,351,566
Fund Balances, End of Year	\$ 6,724,147	\$6,553,570	\$ -	\$ 114,056	\$13,391,773

See Accompanying Notes to Financial Statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2016

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

Total net change in governmental funds fund balances	\$ 1,040,207
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense in the statement of activities:	
Capital Outlay	231,977
Depreciation Expense	(1,413,653)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.	-
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term debt in the statement of net position and does not affect the statement of activities	1,596,324
Decrease in accrued leave	26,250
The 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	(901,189)
Change in Net Position of Governmental Activities	\$ 579,916

See Accompanying Notes to Financial Statements.

**WELD COUNTY SCHOOL DISTRICT RE-3(J)
STUDENT ACTIVITY FUND**

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016	Agency Fund
<u>ASSETS</u>	
Cash	\$ 457,693
Due From Other Funds	255
Accounts Receivable	-
<hr/>	
TOTAL ASSETS	\$ 457,948
<hr/>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 253
Funds Held for Student Activities:	
Weld Central Senior High	348,575
Weld Central Middle School	26,586
Hudson Academy	22,591
Hoff Elementary	22,995
Lochbuie Elementary	36,948
<hr/>	
	\$ 457,948
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See Accompanying Notes to Financial Statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Weld County School District RE-3(J) (the District) conform to generally accepted accounting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity:

The financial report of the District includes all of the integral parts of the District's operations. The District has determined that it has no fiscal accountability for any other agency which would require it to be in the reporting entity, except for the Cardinal Community Academy.

In September 1999, the District entered into an agreement with the Cardinal Community Academy to operate a charter school. The School receives 100% of the applicable per-pupil funding from the District, less applicable administrative charges. Funded enrollment for the 2015-2016 school year was approximately 166 pupils.

The District passed through \$1,289,602 in per pupil funding, \$89,501 in mill levy override, and \$79,276 in other State and Federal grants for a total of \$1,458,379 in other instructional expenditures. Administrative costs of \$70,852 were withheld by the District. The charter school is included in these financial statements as a discretely presented component unit.

Basis of Presentation:

Government-wide Financial Statements:

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

The statement of net position and the statement of activities display information about the District as a whole. The government-wide statement of net position is presented on a consolidated basis. These statements include the financial activities of the primary government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Basis of Presentation - Continued:

Government-wide Financial Statements - Continued:

The government-wide statement of activities reflects both the direct expenses and net cost of each function of the District's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program. Grants and contributions that are restricted to meeting the operational requirements of a particular program are included in operating grants and contributions. Grants and contributions that are restricted to capital requirements of a particular program are included in capital grants and contributions. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

The financial transactions of the District are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Separate statements for each fund category – governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining governmental funds would be aggregated and presented as non-major funds.

The District reports the following major funds:

General Fund:

The General Fund is the general operating fund of the District and accounts for all financial resources of the District that are not properly accounted for in other funds.

It is used to account for the instructional and support services programs of the District. The revenue of the fund consists primarily of local property taxes and state equalization aid.

Designated Grants Fund:

The Designated Grants Fund accounts for the receipt and spending of the proceeds of state and federal grants restricted for certain educational purposes.

Debt Service Fund:

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Additionally, the District reports a Fiduciary Fund:

Agency Fund:

The Agency Fund consists of funds held by the District as custodian or fiscal agent for students.

Fixed Assets and Long-Term Obligations:

The accounting and reporting treatment applied to the fixed assets and long-term obligations are determined by its measurement focus as discussed above.

Fixed Assets:

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Only fixed assets with a unit cost of more than \$5,000 are added to capital assets.

Depreciation has been provided using the straight-line method over the estimated useful lives as follows:

Buildings	50 years
Equipment	5-15 years
Vehicles	10 years
Land and Building Improvements	20 years

Long-Term Obligations:

Accrued sick leave for the governmental funds is accounted for in the government-wide financial statements. Sick leave is earned when vested, and is recorded as expenditure in the applicable fund when paid. Effective May 22, 2013, a licensed employee who has accumulated 50 or more days is paid at a rate of the current substitute rate per day of accumulated leave upon termination or retirement. Eligible administrative and classified staff members with 50 or more days are paid at one half their current daily salary. If the employee has fewer than 50 days of accumulated sick leave, no sick leave is paid upon retirement or termination. At June 30, 2016, the liability for accumulated sick leave approximated \$397,300. Long-term liabilities expected to be financed from the proprietary fund would be accounted for in the proprietary fund.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Measurement Focus:

Governmental-wide Statements:

The government-wide statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include per pupil revenue, grants and donations. Revenue from per pupil revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under the terms of grant agreements, the District funds certain programs by a combination of specific grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the district's policy to first apply grant resources (restricted net position) to such programs and then general revenues (unrestricted net position).

Fund Financial Statements:

Basis of Accounting:

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental funds utilize the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both measurable and available as net current assets. Revenues that are susceptible to accrual, that is, are measurable and available to finance the District's operations, consist primarily of interest. Grant revenues are recognized to the extent of eligible expenditures incurred. Expenditures are generally recognized when the related fund liability is incurred.

The proprietary fund follows the accrual basis of accounting. Revenue is recognized in the year in which it is earned. Expenses are recorded when liabilities are incurred.

Statement of Cash Flows:

For purposes of the statement of cash flows, the District considers its pooled cash and certificates of deposit to be cash equivalents.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Property Taxes:

Property taxes are levied in November and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The District uses the Adams and Weld County Treasurers to bill and collect its property taxes. All uncollected taxes are reflected as taxes receivable and deferred revenue as of June 30, 2016. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be immaterial.

The original January 1, 2016 levy for the General Fund of the District was 10.965 mills, plus a .757 mill override, or approximately \$18.5 million, and 1.804 mills or approximately \$2.8 million in the Debt Service Fund.

Budget:

An annual budget and appropriation resolution is adopted by the Board of Education. The budget is prepared on a basis consistent with generally accepted accounting principles for all funds, except that a budget is also prepared for the student activity agency fund. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Superintendent is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Board of Education through a supplemental appropriation ordinance. There were no supplemental appropriations in the year ended June 30, 2016. The District over-expended budgetary appropriations in the student activity funds, which may be a violation of State law.

Interfund Transactions:

Any amounts due to or from other funds at year end represent timing differences for payment reimbursements and are cleared promptly.

Employee Vacation Leave:

Some employees receive noncumulative vacation leave. No accrual or liability is made as vacation leave accrues July 1 each year and the amount outstanding at year end is lost if not used by June 30 the following year.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for a specific purpose.

Restrictions for the District are recorded up to the maximum equity available in the fund balance and consist of:

Restricted for Debt Service:

These restrictions are established for amounts set aside for payments of principal and interest on the bonds payable. Recorded amounts at June 30, 2016 are \$6,553,570.

Restricted for Emergencies:

These restrictions are established to comply with TABOR. Recorded TABOR emergency reserves at June 30, 2016 are \$630,361.

Restricted for Preschool:

These restrictions are established to comply with the Colorado Preschool and Kindergarten Act. Recorded amounts at June 30, 2016 are \$65,079.

Assigned fund balances are amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Education or by an official to which the Board delegates the authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

Net Position:

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and investments restricted for debt service and capital improvements, reduced by the outstanding balances of borrowing used for acquisition and construction of improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has one item that qualifies for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualified for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

Pensions:

Weld County School District RE-3(J) 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.

Implementation of GASB Statement No. 68 and GASB Statement No. 71:

As of July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Changes in Long-Term Debt:

	Balance, 6/30/15	Additions	Deletions	Balance, 6/30/16	Due Within One Year
2005 G.O. Bonds	\$ 52,157	\$ --	\$ 52,157	\$ --	\$ --
2006 Refunding Bonds	7,174,990	--	110,000	7,064,990	110,000
2006 Refunding Bonds Premium	547,324	--	60,813	486,511	--
2007 Refunding Bonds	7,095,000	--	40,000	7,055,000	40,000
2012 Refunding Bonds	8,385,000	--	1,115,000	7,270,000	2,005,000
2012 Refunding Bonds Premium	235,062	--	78,354	156,708	--
2013 COP's	3,325,000	--	140,000	3,185,000	145,000
Accrued compensated absences	423,550	--	26,250	397,300	--
	\$27,238,083	\$ --	\$ 1,622,574	\$25,615,509	\$ 2,300,000

In August 2012, the District advance refunded the 2004 and most of 2005 bond issues. The District issued \$9,605,000 of general obligation refunding bonds at 2% through 2019 to provide resources to purchase U.S. governmental securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. The District has a total of \$7,590,000 of defeased debt.

In 2006 and 2007, the District advance refunded parts of the 2004 and 2005 bond issues. The District issued \$15,289,990 of general obligation refunding bonds at 4% through 2025 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt.

In June 2013, the District issued certificates of participation (COP's) in the amount of \$3,605,000, to finance the purchase of land and water rights. Annual payments are required through 2033 at interest rates ranging from 2.0 to 4.5%. The COP's are collateralized by the property.

Bond payments are made through the Debt Service Fund. A summary of annual requirements to amortize debt outstanding is as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 2,300,000	\$ 806,219	\$ 3,106,219
2018	2,350,000	756,619	3,106,619
2019	2,405,000	705,869	3,110,869
2020	2,455,000	643,219	3,098,219
2021	1,904,800	1,544,956	3,449,756
2022-2026	11,605,190	2,385,991	13,991,181
2027-2031	1,060,000	258,300	1,318,300
2032-2033	495,000	33,750	528,750
Totals	\$ 24,574,990	\$ 7,134,923	\$ 31,709,913

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Changes in Long-Term Debt - Continued:

Cardinal Community Academy's long-term debt is as follows:

June 30	2016
Note payable to a bank in monthly installments of \$3,361, with balance due in January 2020, interest at 6.5%, collateralized by property	\$ 141,464

Changes in Cardinal Community Academy's long-term debt were as follows:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16
Notes Payable	\$ 171,393	\$ --	\$ 29,929	\$ 141,464

Future maturities of long-term debt are as follows:

Years Ending June 30	Annual Maturities
2017	\$ 32,962
2018	24,133
2019	26,443
2020	38,926
Total	\$ 141,464

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Changes in Capital Assets:

	Balance, 6/30/15	Additions	Deletions	Transfers	Balance, 6/30/16
Land and Improvements	\$ 2,606,285	\$ --	\$ --	\$ --	\$ 2,606,285
Water Certificates	1,987,855	--	--	--	1,987,855
Buildings and Improvements	58,427,465	--	--	--	58,427,465
Equipment	4,951,399	37,367	--	--	4,988,766
Transportation Equipment	3,595,680	194,610	--	--	3,790,290
Construction in Progress	28,900	--	--	--	28,900
	71,597,584	231,977	--	--	71,829,561
Less Accumulated Depreciation:					
Land and improvements	612,633	31,574	--	--	644,207
Buildings and improvements	17,482,224	1,140,780	--	--	18,623,004
Equipment	4,138,636	94,486	--	--	4,233,122
Transportation equipment	2,984,999	146,813	--	--	3,131,812
	25,218,492	1,413,653	--	--	26,632,145
Total Capital Assets	\$46,379,092	\$ (1,181,676)	\$ --	\$ --	\$45,197,416

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

Instruction	\$1,266,840
Transportation	146,813

Changes in Cardinal Community Academy's capital assets are as follows:

	Balance, 6/30/15	Additions	Deletions	Balance, 6/30/16
Land and Improvements	\$ 115,780	\$ --	\$ --	\$ 115,780
Building and Improvements	1,157,882	14,288	--	1,172,170
Furniture and Equipment	334,053	12,692	--	346,745
	1,607,715	26,980	--	1,634,695
Less: Accumulated depreciation	684,028	64,134	--	748,162
Capital Assets, Net	\$ 923,687	\$ (37,154)	\$ --	\$ 856,533

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - Cash and Investments:

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

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

Cash resources of the General Fund and Food Service Fund are combined and deposited into an interest-bearing checking account. All interest earned on the pooled account is credited to the General Fund.

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

The District does not have an investment policy beyond the restrictions in State statutes.

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

At June 30, 2016, the General Fund held \$17,599 in COLOTRUST, a 2a-7 like local government investment pool. This investment cannot be categorized since it is not evidenced by specific securities. The investment is rated AAAM by Standard & Poor's. The net asset value (NAV) is \$17,599.

At June 30, 2016, the Debt Service Fund held debt service tax proceeds of \$6,479,338 in the Federated Treasury Obligation Fund. This investment cannot be categorized since it is not evidenced by specific securities. The investment is rated AAA by Standard & Poor's. The approximate fair value is \$6,479,338.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using observable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs. The investment in the Federal Treasury Obligation Fund utilizes a Level 1 input.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - Accrued Salaries:

Salaries of certain personnel are paid over a twelve-month period from September to August, but are earned during a School year of approximately nine to eleven months. The salaries and benefits earned, but unpaid, as of June 30, 2016, are estimated to be \$1,527,010.

NOTE 6 - Commitments and Contingencies:

In 1992 the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. In November 1998, the electors of the District voted to supercede TABOR and to collect, retain, and expend the full proceeds of all taxes, fees, and other revenue without increasing or adding taxes of any kind.

Included in the accompanying financial statements are restrictions of fund balances for TABOR reserves, which will not constitute TABOR spending when utilized. TABOR reserves include an emergency reserve. The District believes it is in compliance with the requirements of TABOR.

NOTE 7 - PERA:

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.

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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PERA – Continued:

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

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

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's annual increase reserve for the SCHDTF.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PERA – Continued:

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

Years Ended December 31	2016	2015
Employer contribution rate as a percentage of salary	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)	(1.02)
Amount Apportioned to the SCHDTF	9.13	9.13
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50	4.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.50	4.00
Total Employer Contribution Rate to the SCHDTF	18.13%	17.33%

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 \$1,842,581 for the year ended June 30, 2016.

At June 30, 2016, the District reported a liability of \$34,782,130 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, 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 proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2015 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2015, the District's proportion was .228 percent, which was a decrease from the .241 percent measured as of December 31, 2014.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PERA – Continued:

For the year ended June 30, 2016, the District recognized pension expense of \$2,743,770. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 457,853	\$ --
Net difference between projected and actual earnings on pension plan investments	2,957,457	--
Changes in assumptions	--	491,532
Changes in proportion and differences between contributions recognized and proportionate share of contributions	--	1,967,640
Contributions subsequent to the measurement date	921,291	--
Total	\$ 4,336,601	\$ 2,459,172

Deferred outflows of resources related to pensions of \$921,291, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2017	\$ 318,712
2018	318,713
2019	318,713
	\$ 956,138

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PERA – Continued:

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	2.8 percent
Real wage growth	1.1 percent
Wage inflation	3.9 percent
Salary increases, including wage inflation	3.9 – 10.1 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.5 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07 (automatic)	2.0 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with males set back 1 year, and females set back 2 years.

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

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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PERA – Continued:

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

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%	

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 7.5%.

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.5 percent every year until they are zero. Based on those 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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PERA – Continued:

Sensitivity of the District 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 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

June 30, 2016	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability	\$ 45,087,807	\$ 34,782,130	\$ 26,209,730

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.

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

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings.

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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PERA – Continued:

The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, June 30, 2015, and June 30, 2014 the District contributions to the HCTF were \$100,236, \$102,087, and \$103,243, respectively, equal to their required contributions for each year.

NOTE 8 - Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District entered into the Colorado School Districts Self Insurance Pool in 1985. The Pool was established by the Colorado Association of District Boards (CASB) to provide insurance coverage's to participants in the areas of general liability, automobile liability, auto physical damage, auto personal injury protection, real and personal property, crime, and other coverages.

The District's share in the Pool is estimated to be less than 1%.

The District continues to carry commercial insurance for other risks of loss, including workers' compensation, employee fidelity, and director liability. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 9 – Prior Period Adjustment:

The June 30, 2015 fund balance of the Grants Fund was reduced by \$3,385 from that previously reported to correct errors involving grants receivable.

NOTE 10 – Subsequent Event:

On November 8, 2016, electors in the District approved a \$61 million bond issue for school construction and repair. Also approved was a mill levy override of \$3.3 million annually for a period of six years.

REQUIRED SUPPLEMENTARY INFORMATION

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WELD COUNTY SCHOOL DISTRICT RE-3(J)

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2016	General Fund		
	Actual	Original and Final Budget	Variance
Revenue:			
Local sources	\$20,353,549	\$20,367,015	\$ (13,466)
State sources	639,830	1,387,011	(747,181)
Federal sources	108,431	-	108,431
Other	18,670	8,535	10,135
Total Revenue	21,120,480	21,762,561	(642,081)
Expenditures:			
Instruction	11,244,212	11,183,074	(61,138)
Supporting services	7,790,196	7,976,733	186,537
Capital outlay	381,636	310,750	(70,886)
Appropriated reserves	-	-	-
Total Expenditures	19,416,044	19,470,557	54,513
Revenue Over (Under) Expenditures	1,704,436	2,292,004	(587,568)
Other Financing Sources (Uses):			
Operating transfers in (out)	(614,020)	(606,630)	(7,390)
Total Other Financing Sources (Uses)	(614,020)	(606,630)	(7,390)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,090,416	1,685,374	(594,958)
Fund Balance, Beginning of Year	5,633,731	5,633,731	-
Fund Balance, End of Year	\$ 6,724,147	\$ 7,319,105	\$ (594,958)

**WELD COUNTY SCHOOL DISTRICT RE-3(J)
DESIGNATED GRANTS FUND**

Schedule of Revenue Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Revenue:			
Local sources	\$ 4,495	\$ 4,500	\$ (5)
State Sources	1,125	-	1,125
Federal sources	716,665	739,923	(23,258)
Total Revenue	\$ 722,285	\$ 744,423	\$ (22,138)

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Instruction	\$ 688,702	\$ 670,071	\$ (18,631)
Supporting Services	33,583	74,352	40,769
Capital Outlay:			
Equipment	-	-	-
Total Expenditures	\$ 722,285	\$ 744,423	\$ 22,138

WELD COUNTY SCHOOL DISTRICT RE-3(J)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2016	\$ 1,842,581	\$ 1,842,581	\$ 9,826,954	18.8%
2015	1,716,404	1,716,404	9,353,702	18.0%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

Year Ended June 30	Cumulative Proportion of Net Pension Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net Pension Liability
2016	0.228%	\$ 34,782,130	\$ 9,826,954	353%	59.2%
2015	0.241%	32,602,605	9,353,702	287%	62.8%

Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

WELD COUNTY SCHOOL DISTRICT RE-3(J)
GENERAL FUND

Schedule of Revenue Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Local Sources:			
Property taxes, current	\$ 18,568,081	\$ 18,573,631	\$ (5,550)
Delinquent taxes	7,411	5,300	2,111
Specific ownership taxes	1,168,032	1,176,401	(8,369)
Other	610,025	611,683	(1,658)
Total Local Sources	20,353,549	20,367,015	(13,466)
State Sources:			
Vocational education	-	110,000	(110,000)
State equalization	-	-	-
Transportation	-	290,564	(290,564)
Other grants	639,830	986,447	(346,617)
Total State Sources	639,830	1,387,011	(747,181)
Federal Sources	108,431	-	108,431
Other:			
Interest	18,670	8,535	10,135
Total Revenue	\$ 21,120,480	\$ 21,762,561	\$ (642,081)

**WELD COUNTY SCHOOL DISTRICT RE-3(J)
GENERAL FUND**

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Instruction:			
Current operating:			
Salaries	\$ 6,092,085	\$ 6,225,545	\$ 133,460
Employee benefits	2,290,953	2,366,002	75,049
Purchased services	572,920	592,921	20,001
Supplies and materials	977,774	605,404	(372,370)
Other	1,290,034	1,336,452	46,418
Capital outlay	20,446	56,750	36,304
Total Instruction	11,244,212	11,183,074	(61,138)
Supporting Services:			
Pupils:			
Current operating:			
Salaries	437,664	389,803	(47,861)
Employee benefits	167,215	191,071	23,856
Purchased services	85,297	192,595	107,298
Supplies and materials	59,087	86,548	27,461
Other	-	-	-
Capital outlay	-	-	-
Total Pupils	749,263	860,017	110,754
Instructional support:			
Current operating:			
Salaries	380,557	391,739	11,182
Employee benefits	160,567	148,888	(11,679)
Purchased services	117,061	120,390	3,329
Supplies and materials	26,629	171,559	144,930
Other	1,481	1,750	269
Capital outlay	-	500	500
Total Instructional Staff	686,295	834,826	148,531
General administration:			
Current operating:			
Salaries	515,932	569,212	53,280
Employee benefits	180,411	196,882	16,471
Purchased services	490,764	642,202	151,438
Supplies and materials	218,733	81,350	(137,383)
Other	8,209	25,500	17,291
Capital outlay	316,041	232,500	(83,541)
Total General Administration	1,730,090	1,747,646	17,556

Continued on next page.

WELD COUNTY SCHOOL DISTRICT RE-3(J)
GENERAL FUND

Schedule of Expenditures Compared with Budget - Continued

Year Ended June 30, 2016	Actual	Budget	Variance
Supporting Services - Continued:			
School administration:			
Current operating:			
Salaries	\$ 964,737	\$ 943,038	\$ (21,699)
Employee benefits	346,868	342,496	(4,372)
Purchased services	17,300	13,826	(3,474)
Supplies and materials	10,967	10,740	(227)
Other	8,315	2,174	(6,141)
Capital outlay	-	1,000	1,000
Total School Administration	1,348,187	1,313,274	(34,913)
Operations and maintenance:			
Current operating:			
Salaries	652,959	594,263	(58,696)
Employee benefits	271,670	270,681	(989)
Purchased services	602,269	439,526	(162,743)
Supplies and materials	869,023	877,251	8,228
Other	52,456	500	(51,956)
Capital outlay	-	15,000	15,000
Total Operations and Maintenance	2,448,377	2,197,221	(251,156)
Pupil transportation:			
Current operating:			
Salaries	397,110	486,928	89,818
Employee benefits	132,810	167,327	34,517
Purchased services	29,090	30,150	1,060
Supplies and materials	234,607	297,750	63,143
Other	238	450	212
Capital outlay	45,149	5,000	(40,149)
Total Pupil Transportation	839,004	987,605	148,601
Other Supporting Services:			
Current operating:			
Insurance	370,666	346,894	(23,772)
Total Supporting Services	8,171,882	8,287,483	115,601
Appropriated Reserves	-	-	-
Total Expenditures	\$ 19,416,094	\$ 19,470,557	\$ 54,463

WELD COUNTY SCHOOL DISTRICT RE-3(J)
GENERAL FUND

Schedule of Operating Transfers Compared to Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Operating Transfers Out:			
Capital Projects Fund	\$ 614,020	\$ 606,630	\$ (7,390)
Food Service Fund	-	-	-
Total Transfers	\$ 614,020	\$ 606,630	\$ (7,390)

WELD COUNTY SCHOOL DISTRICT RE-3(J)
DEBT SERVICE FUND

Schedule of Revenue Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Revenue:			
Local Sources:			
Property taxes, current	\$ 2,858,636	\$ 2,857,950	\$ 686
Delinquent taxes	-	-	-
Total Local Sources	2,858,636	2,857,950	686
Other:			
Interest	938	600	338
Total Revenue	\$ 2,859,574	\$ 2,858,550	\$ 1,024

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Expenditures:			
Debt Service:			
Principal payments	\$ 1,317,157	\$ 1,371,816	\$ 54,659
Interest on bonds	1,540,794	1,486,134	(54,660)
Debt issuance costs	-	-	-
Bond trustee costs	3,756	6,250	2,494
Total Expenditures	\$ 2,861,707	\$ 2,864,200	\$ 2,493

**WELD COUNTY SCHOOL DISTRICT RE-3(J)
NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET

June 30, 2016	Capital Projects Fund	Capital Reserve Projects Fund	Permanent Fund	Food Service Fund	Total
<u>ASSETS</u>					
Cash	\$ 51	\$ 330,780	\$ 14,042	\$ 293,447	\$ 638,320
Investments and Bank CD's	-	-	60,131	-	60,131
Due From Other Funds	-	-	-	-	-
Other Receivables	-	-	-	66,988	66,988
TOTAL ASSETS	\$ 51	\$ 330,780	\$ 74,173	\$ 360,435	\$ 765,439
<u>LIABILITIES</u>					
Accounts Payable	-	-	-	\$ (375)	\$ (375)
Accrued Salaries and Benefits	-	-	-	23,306	23,306
Unearned Revenue	-	-	-	6,210	6,210
Due To Other Funds	-	330,780	-	291,462	622,242
Total Liabilities	-	330,780	-	320,603	651,383
<u>FUND BALANCES</u>					
Nonspendable	-	-	74,173	39,832	114,005
Assigned: Capital Outlay	51	-	-	-	51
Total Fund Balances	51	-	74,173	39,832	114,056
TOTAL LIABILITIES AND FUND BALANCE	\$ 51	\$ 330,780	\$ 74,173	\$ 360,435	\$ 765,439

**WELD COUNTY SCHOOL DISTRICT RE-3(J)
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Year Ended June 30, 2016	Capital Projects Fund	Capital Reserve Projects Fund	Permanent Fund	Food Service Fund	Total
Revenue:					
Interest	\$ -	\$ 986	\$ 566	\$ 95	\$ 1,647
Local sources	-	-	-	308,282	308,282
State sources	-	-	-	23,891	23,891
Federal sources	-	-	-	689,985	689,985
Total Revenue	-	986	566	1,022,253	1,023,805
Expenditures:					
Instruction	-	-	-	-	-
Supporting services	-	-	-	1,020,948	1,020,948
Capital outlay	-	399,086	-	598	399,684
Debt Service:					
Principal payments	-	140,000	-	-	140,000
Interest on COP's	-	125,269	-	-	125,269
Total Expenditures	-	664,355	-	1,021,546	1,685,901
Revenue (Under) Over Expenditures	-	(663,369)	566	707	(662,096)
Other Financing Sources (Uses):					
Operating transfers in (out)	-	614,020	-	-	614,020
Total Other Financing Sources (Uses)	-	614,020	-	-	614,020
Fund Balances, Beginning of Year	51	49,349	73,607	39,125	162,132
Fund Balances, End of Year	\$ 51	\$ -	\$ 74,173	\$ 39,832	\$ 114,056

WELD COUNTY SCHOOL DISTRICT RE-3(J)
NONMAJOR FUNDS
CAPITAL RESERVE PROJECTS FUND

Schedule of Revenue Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Other:			
Interest	\$ 986	\$ 750	\$ 236
Other local revenue	-	-	-
Total Revenue	\$ 986	\$ 750	\$ 236

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Supporting Services	\$ -	\$ -	\$ -
Capital Outlay:			
Land and improvements	238,240	275,820	37,580
Buildings	-	-	-
Equipment and vehicles	160,846	67,500	(93,346)
Appropriated Reserve	-	-	-
Expenditures:			
Debt Service:			
Principal payments	140,000	140,000	-
Interest on COP's	125,269	123,269	(2,000)
Total Expenditures	\$ 664,355	\$ 606,589	\$ (57,766)

Schedule of Operating Transfers Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Operating Transfers In:			
General Fund	\$ 614,020	\$ 606,630	\$ 7,390

WELD COUNTY SCHOOL DISTRICT RE-3(J)
NONMAJOR FUNDS
PERMANENT FUND

Schedule of Revenue Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Miscellaneous Revenue:			
Interest	\$ 566	\$ 400	\$ 166
Total Revenue	\$ 566	\$ 400	\$ 166

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Supporting Services:			
Other	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -

WELD COUNTY SCHOOL DISTRICT RE-3(J)
NONMAJOR FUNDS
FOOD SERVICE FUND

Schedule of Revenue Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Operating Revenue:			
Food and milk sales	\$ 308,282	\$ 381,724	\$ (73,442)
Nonoperating Revenue:			
Federal and state grants	689,985	760,669	(70,684)
U.S.D.A. commodities	23,891	64,200	(40,309)
Interest	95	50	45
Total Revenue	\$ 1,022,253	\$1,206,643	\$ (184,390)

Schedule of Expenses Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Operating Expenses:			
Salaries and benefits	\$ 133,806	\$ 177,930	\$ 44,124
Cost of food and milk	60,089	80,150	20,061
Nonfood supplies	827,053	918,369	91,316
Capital Outlay:			
Equipment	598	30,000	29,402
Total Expenses	\$ 1,021,546	\$1,206,449	\$ 184,903

WELD COUNTY SCHOOL DISTRICT RE-3(J)
AGENCY FUND
STUDENT ACTIVITIES FUND

Schedule of Additions Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Student Activities	\$ 714,439	\$ 450,000	\$ 264,439
Total Additions	\$ 714,439	\$ 450,000	\$ 264,439

Schedule of Deductions Compared with Budget

Year Ended June 30, 2016	Actual	Budget	Variance
Total Deductions	\$ 659,499	\$ 450,000	\$ (209,499)

CARDINAL COMMUNITY ACADEMY

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2016	Actual	Original Budget	Amended Budget	Variance
Revenue:				
Weld County School District RE-3(J) PPR	\$ 1,289,602	\$ 1,236,681	\$ 1,274,421	\$ 15,181
Mill Levy override	89,501	89,973	89,093	408
Colorado Department of Education grants	79,276	53,705	63,705	15,571
Contributions, interest, and other	100,080	166,368	166,368	(66,288)
Total Revenue	1,558,459	1,546,727	1,593,587	(35,128)
Expenditures:				
Current:				
Instruction:				
Teachers' salaries	454,396	442,853	458,981	4,585
Substitute teachers	11,432	10,000	15,000	3,568
Teachers aides	73,193	87,319	76,828	3,635
After school staff	6,198	7,920	7,920	1,722
Supplemental contracts	5,250	3,000	5,500	250
Incentives	2,738	2,800	2,800	62
PERA contributions	100,273	101,750	103,712	3,439
Other benefits	36,934	56,660	56,843	19,909
Special education	56,530	63,000	63,000	6,470
Educational equipment & furniture	12,788	9,500	10,500	(2,288)
Instructional materials & supplies	34,862	30,000	33,000	(1,862)
Total Instruction	794,594	814,802	834,084	39,490
Supporting Services:				
RE-3(J) administrative withholding	70,852	56,000	56,000	(14,852)
Director salary	65,732	65,732	65,732	-
Office staff salary	56,398	55,359	55,359	(1,039)
Staff development	16,089	15,000	15,000	(1,089)
Accountability/evaluation	1,703	2,700	2,700	997
PERA contributions	25,564	25,940	26,441	877
Other benefits	9,417	14,445	14,492	5,075
Custodian	16,752	16,752	16,752	-
Utilities	33,172	48,000	48,000	14,828
Telephone	2,427	5,000	5,000	2,573
Office supplies	6,292	8,500	8,500	2,208
Building expense	37,007	20,000	35,000	(2,007)
Insurance	13,845	19,000	19,000	5,155
Equipment rentals	6,516	6,500	6,500	(16)
Water/wastewater	8,470	11,000	11,000	2,530
Contracted services	39,122	22,200	36,200	(2,922)
Fundraising expense	42,732	75,000	75,000	32,268
PTO expense	30,105	75,000	75,000	44,895
Miscellaneous expense	1,768	4,200	4,800	3,032
Total Supporting Services	483,963	546,328	576,476	92,513
Debt service (principal)	29,929	29,022	29,022	(907)
Interest expense	10,404	11,311	11,311	907
Total Expenditures	1,318,890	1,401,463	1,450,893	132,003
Revenue Over (Under) Expenditures	239,569	145,264	142,694	96,875
Fund Balance, Beginning of Year	692,575	692,575	692,575	-
Fund Balance, End of Year	\$ 932,144	\$ 837,839	\$ 835,269	\$ 96,875

WELD COUNTY SCHOOL DISTRICT RE-3(J)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

<u>Agency/Program Grant Title</u>	<u>Pass-Through Identification Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>			
Passed Through CDHHS:			
Food Distribution		10.555	\$ 23,891
Passed Through Colorado Department of Education:			
National School Lunch Program	4555	10.555	438,065
School Breakfast Program	4553	10.553	220,424
Summer Food Service Program for Children	4559	10.559	3,674
<u>Department of Education</u>			
Passed Through Colorado Department of Education:			
Title I Grants to Local Education Agencies	4010	84.010	211,260
Title III Part A ELA	4365	84.365	25,438
Title II Part A Teacher Quality	4367	84.367	52,170
Title III Part A Set Aside	7365	84.365	3,772
Title III A Unaccompanied Children and Youth	6365	84.365b	691
Race to the Top	5412	84.412	1,253
<u>Total Federal Assistance</u>			<u>\$ 980,638</u>

Note: Schedule is prepared on the modified accrual basis of accounting except for the food distribution commodities received which are at estimated value. The District does not have any significant subrecipients and does not utilize the de minimis indirect cost rate.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- * Type of report issued on financial statements Unmodified
- * Internal control over financial reporting:
 - Material weaknesses identified? No
 - Significant deficiencies identified that are not considered to be material weaknesses? None reported
- * Noncompliance material to financial statements noted? No

Federal Awards:

- * Internal control over major program:
 - Material weaknesses identified? No
 - Significant deficiencies identified that are not considered to be material weaknesses? None reported
- * Type of auditor's report on compliance for major program Unmodified
- * Audit findings disclosed None under 2 CFR 200.516(a)
See below
- * Major programs Child Nutrition Cluster
(10.553, 10.555 and 10.559)
- * Dollar threshold between Type A and Type B programs \$750,000
- * Low-risk auditee Yes

FINDINGS RELATED TO FINANCIAL STATEMENTS

- * **None**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

* **Finding 2016-001**

10.553, 10.555 and 10.559 Child Nutrition Cluster

(Passed Through Colorado Department of Education)

Criteria: *Eligibility* – The District is required to determine the eligibility status of student applicants before awarding or denying benefits.

Condition: We noted two instances in which the application status from the *Format* system indicates direct certification. In one instance the student's name could not be located on the direct certification report. In the other instance, *Infinite Campus* indicates the student is homeless, however an approved homeless form cannot be located.

Context: We tested a total of 25 student applications specifically for eligibility and also looked at eligibility for the 12 student applications that were part of the verification process.

Effect: Supporting documentation is unavailable to support the meal status for two students.

Cause: Direct certification status from *Format* is not accurately reflecting what is included in the direct certification report.

Questioned Costs: None.

Recommendation: We recommend implementing review controls to ensure application status is more accurately reflected in *Format*.

Management Response: Agree

Corrective Actions:

Contact Person: Lisa Clark, Director of Finance

Corrective Action Planned: The District will emphasize these controls.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

* **Finding 2015-01**

10.553, 10.555 and 10.559 Child Nutrition Cluster

(Passed Through Colorado Department of Education)

Criteria: *Eligibility* –The District is required to determine the eligibility status of student applicants before awarding or denying benefits.

Condition: We noted one student for which the food service student report indicates reduced price meal benefits, but they should have been denied as no application was received. We noted another student who should have received a benefit but the system indicates they were denied.

Context: We tested a total of 25 student applications specifically for eligibility and also looked at eligibility for the 12 student applications that were part of the verification process.

Effect: The report generated by the food service system is not accurately reflecting meal status and one student was denied free meal status when the appropriate homeless process was followed.

Cause: The reporting system is not working as intended in conjunction with the application system.

Questioned Costs: None.

Recommendation: We recommend the application system be better designed to more accurately report meal status and result in appropriate benefits.

Management Response: Agree

Status: Implemented

* **Finding 2015-02**

10.553, 10.555 and 10.559 Child Nutrition Cluster

(Passed Through Colorado Department of Education)

Criteria: *Suspension and debarment* – Nonfederal entities are prohibited from contracting with parties who are suspended or debarred from federal awards. For certain covered transactions equal to or exceeding \$25,000, the district must verify that the entity is not suspended or debarred through the System for Award Management (SAM), alternative certification or contract language.

Condition: Milk purchases from a vendor exceeded \$25,000 and no verification was made to ensure the vendor was not suspended or debarred.

Context: Total purchases with the milk vendor were \$89,939 for the year.

Effect: Amounts may be paid to parties not eligible to receive federal funding.

Cause: The school district was unaware the expenditures with the vendor reached the level requiring this verification.

Questioned Costs: None.

Recommendation: We recommend controls be designed to ensure vendors are not suspended or debarred.

Management Response: Agree

Status: Implemented



Independent Auditors' Report on Compliance for Each Major Federal Programs and
Internal Control Over Compliance in Accordance with Uniform Guidance

Board of Education
Weld County School District RE-3(J)
Keenesburg, Colorado

Report on Compliance for Each Major Federal Program

We have audited the compliance of Weld County School District RE-3(J) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2016. Weld County School District RE-3(J)'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, contract, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Major Each Federal Program

In our opinion, Weld County School District RE-3(J) complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2016.

Internal Control Over Compliance

The management of the Weld County School District RE-3(J) is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Weld County School District RE-3(J)'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson & Whitney, P.C.

November 30, 2016



Independent Auditors' Report on Internal Control Over Financial Reporting,
Compliance, and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Education
Weld County School District RE-3(J)
Keenesburg, Colorado

We have audited the financial statements of the Weld County School District RE-3(J) as of and for the year ended June 30, 2016, and have issued our report thereon dated November 30, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Weld County School District RE-3(J)'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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.

Anderson & Whitney, P.C.

November 30, 2016



Colorado Department of Education
Auditors Integrity Report
 District: 3090 - WELD COUNTY SCHOOL DISTRICT RE-3J
 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	5,493,707		18,548,610		17,383,248		6,659,068
18 Risk Mgmt Sub-Fund of General Fund	21,162		348,954		370,116		0
19 Colorado Preschool Program Fund	118,861		319,296		373,079		65,079
Sub-Total	5,633,731		19,216,860		18,126,443		6,724,147
11 Charter School Fund	692,577		1,558,459		1,318,892		932,143
20,26-29 Special Revenue Fund	0		0		0		0
21 Food Service Spec Revenue Fund	39,125		1,022,254		1,021,546		39,832
22 Govt Designated-Purpose Grants Fund	0		722,285		722,285		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	6,555,703		2,859,574		2,861,707		6,553,570
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	51		0		0		52
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	49,349		615,006		664,354		0
Totals	12,970,535		25,994,437		24,715,228		14,249,745
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	402,756		714,439		659,499		457,695
79 GASB 34/Permanent Fund	73,607		566		0		74,173
85 Foundations	0		0		0		0
Totals	476,363		715,005		659,499		531,869

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.