

WELD COUNTY SCHOOL DISTRICT RE-8
FINANCIAL STATEMENTS
JUNE 30, 2017



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May 22, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Weld County School District Re-8, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Weld County School District Re-8, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, the budgetary comparison information on pages 43-44, the Schedule of the Proportionate Share of the Net Pension Liability on page 45 and the Schedule of Employer Contributions on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise District's basic financial statements. The combining and individual fund financial statements and schedules and the Colorado Department of Education Auditor's Integrity Report, as listed in the table of contents, are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2018, on our consideration of Weld County School District Re-8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Weld County School District Re-8's internal control over financial reporting and compliance.

Plutt Hanson, P.C.

February 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2017

As management of the Weld County School District Re-8 (the District) we offer readers of the District's basic financial statements this narrative and analysis of the financial activities of the District for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$(60,669,413) (net position), a change of \$(43,452,215) from the previous fiscal year of \$(17,217,198). In 2015 the District implemented GASB 68 which recorded a Net Pension Liability of \$43,056,888. This liability increased to \$48,920,237 in 2016 and has now increased to \$95,517,225 in 2017. (See Note 8 for additional information). In 2017 the District issued \$48,600,000 of General Obligation Bonds for acquiring, constructing, repairing and improving District capital assets.

For the year ended June 30, 2017, the General Fund's fund balance decreased \$1,112,159 to \$8,878,037. The decrease was due largely to investing reserves into new positions to increase student achievement and transfers to other funds of \$403,610.

The General Fund operations of the District are funded primarily by the tax revenue received under the State School Finance Act (the Act) in the amount of \$15,520,199 and State Equalization refunded payments to CDE totaling \$3,276,452. Total General Fund revenue for the year was \$22,109,717.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

During the year ended June 30, 2015, the District implemented GASB 68 which revised and established financial reporting requirements for most governments that provide their employees with pension benefits. The District provides its employees with a pension administered by PERA. GASB 68 requires the District to record our proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. The District's portion for 2017 increased \$46,596,988 to \$95,517,225.

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2017

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

The statement of activities presents information reporting how the District's net position changed during fiscal year 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The District uses six Governmental Funds. The General Fund is the largest Governmental Fund and encompasses most of the District's revenues and expenditures. The other five funds consist of the Food Services Fund, the Grants Fund, the Bond Redemption Fund, the Capital Reserve Fund, and the Building

WELD COUNTY SCHOOL DISTRICT RE-8
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Fund. An annual appropriated budget for the District is adopted for each fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. The governmental fund financial statements can be found on pages 15-18 of this report.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 21-42 of this report.

Required Supplementary Information

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

Supplementary Information

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

Government – Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the year ended June 30, 2017, the District's combined liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$60,669,413. Of this amount \$(133,418,794) is unrestricted; however, since it is negative, it is not available to meet the District's ongoing financial obligations. \$14,359,029, is invested in capital assets. In addition, \$51,275,076 is restricted for Capital Projects; \$135,838 is restricted for Preschool; \$6,226,438 is restricted for debt service; and \$753,000 is restricted for emergencies under TABOR.

WELD COUNTY SCHOOL DISTRICT RE-8
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Weld County School District Re-8
Net Position

	Governmental Activities	
	2017	2016
Assets		
Current Assets	\$ 72,571,207	\$ 16,900,759
Capital Assets, Net	31,766,256	28,264,283
Total Assets	104,337,463	45,165,042
Deferred Outflows Of Resources		
Deferred Charge on Refunding	-	138,190
Deferred Outflows of Resources Related to Pensions	4,780,294	5,738,882
Total Deferred Outflows Of Resources	4,780,294	5,877,072
Liabilities		
Current Liabilities	5,059,490	3,190,656
Non-current Liabilities	164,296,105	64,553,529
Total Liabilities	169,355,595	67,744,185
Deferred Inflows Of Resources		
Deferred Inflows of Resources Related to Pensions	431,575	215,127
Net Position		
Net Investment in Capital Assets	14,359,029	13,674,495
Restricted	58,390,352	2,810,557
Unrestricted	(133,418,794)	(33,702,250)
Total Net Position	\$ (60,669,413)	\$ (17,217,198)

Governmental Activities

Governmental activities decreased the District's net position by \$46,716,008 due to pension expense in GASB No.68. Revenue for 2017 increased \$5,834,956 or 21.7% from 2016.

The increase in revenue was mainly due to an increase in property taxes of \$1,245,524 from \$21,216,321 to \$22,461,845; specific ownership tax of \$709,037 from \$871,877 to \$1,580,914; and the increase in state equalization revenue of \$3,492,567 in 2017. Expenses increased \$46,716,008 or 158.4% due to the increase in pension expense of \$46,766,056. Instruction spending increased \$26,919,649 or 175.5% while

WELD COUNTY SCHOOL DISTRICT RE-8
Management's Discussion and Analysis
For the Year Ended June 30, 2017

support costs increased \$17,705,315 or 129.4%. Additionally, interest on long-term debt decreased \$2,091,044.

Weld County School District Re-8
Change in Net Position

	Governmental Activities	
	2017	2016
Program Revenues		
Charges for Services	\$ 181,763	\$ 198,805
Operating Grants and Contributions	4,372,530	4,208,326
Capital Grants and Contributions	46,910	46,910
General Revenues		
Property Taxes	22,461,845	21,216,321
Specific Ownership Taxes	1,580,914	871,877
State Equalization	3,276,452	(216,115)
Investment Income	324,534	27,769
Other Revenues	520,140	576,239
Total Revenues	32,765,088	26,930,132
Expenses		
Instruction	42,256,717	15,337,068
Supporting Services	31,383,176	13,677,861
Interest on Long Term Debt	2,577,410	486,366
Total Expenses	76,217,303	29,501,295
Change in Net Position	(43,452,215)	(2,571,163)
Net Position, Beginning, As Restated	(17,217,198)	(14,646,035)
Net Position, Ending	\$ (60,669,413)	\$ (17,217,198)

Financial Analysis of the District's Funds

Governmental Funds

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

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2017

General Fund

The General Fund is the major operating fund of the District, providing the majority of resources for the educational and support programs. The General Fund includes the Mill Levy Override Funds MLO 2020 and MLO 2026 and the Preschool Fund. The Preschool Program is required to receive a certain amount of revenue transferred from the General Fund based on Per Pupil Revenue (PPR). Revenues for the General Fund totaled \$22,109,717 in fiscal year 2017 compared to \$21,411,214 in fiscal year 2016, an increase of \$698,503 or 3.3%. Expenditures totaled \$22,818,266 compared to \$22,533,128, an increase of \$285,138 or 1.3%.

Revenues

Property Taxes. General Fund property tax revenues decreased \$3,605,524 or 18.9% due to the state funding formula. Property taxes accounted for about 70.2% of the District's General Fund revenue.

Specific Ownership Taxes. Specific ownership tax is applied to the fair value of vehicles registered in Colorado. Specific ownership tax increased \$709,037, or 81.3%. Specific Ownership taxes accounted for 7.2% of the District's General Fund revenue.

State Equalization. State equalization revenue increased \$3,492,567 in fiscal year 2017 and accounted for 14.8% of the District's General Fund revenue.

State and Federal Grants. State grants revenue increased \$58,163 or 5.8% in fiscal year 2017 and accounted for 4.8% of the District's General Fund revenue.

Revenues	2017	2016	Amount of Change	Percentage Change
Property Taxes	\$ 15,520,199	\$ 19,125,723	(3,605,524)	-18.9%
Specific Ownership Tax	1,580,914	871,877	709,037	81.3%
State Equalization	3,276,452	(216,115)	3,492,567	1616.1%
State Grants	1,069,002	1,010,839	58,163	5.8%
Investment Income	67,912	19,606	48,306	246.4%
Miscellaneous	595,238	599,284	(4,046)	-0.7%
Total	<u>\$ 22,109,717</u>	<u>\$ 21,411,214</u>	<u>\$ 698,503</u>	<u>3.3%</u>

Expenditures

Overall expenditures for the General Fund increased \$285,139 or 1.3% from the previous year.

WELD COUNTY SCHOOL DISTRICT RE-8**Management's Discussion and Analysis
For the Year Ended June 30, 2017**

Expenditures	2017	2016	Amount of Change	Percentage Change
Instruction	\$ 12,714,972	\$ 12,223,218	491,754	4.0%
Students	1,079,437	1,023,985	55,452	5.4%
Instructional Staff	1,099,386	1,258,577	(159,191)	-12.6%
General Administration	536,051	638,676	(102,625)	-16.1%
School Administration	1,833,111	1,793,294	39,817	2.2%
Business Services	389,722	304,644	85,078	27.9%
Operations and Maintenance	3,033,514	3,101,784	(68,270)	-2.2%
Student Transportation	812,869	766,237	46,632	6.1%
Central Support	1,299,846	1,403,713	(103,867)	-7.4%
Community Services	19,358	19,000	358	1.9%
	<u>\$ 22,818,266</u>	<u>\$ 22,533,128</u>	<u>\$ 285,138</u>	<u>1.3%</u>

Other Major Funds

The Designated Grants Fund is used to maintain separate accounting for federal, state, and local grant funded programs, which normally have a different fiscal period than that of the District. Total revenues for the Designated Grants fund were \$2,317,932, which equaled expenditures. Revenues increased \$61,120 or 2.71% in fiscal year 2017.

The Bond Redemption Fund accounts for property taxes restricted for the payment of general obligation debt. Bond Redemption Fund property tax revenues increased \$4,891,723 to \$6,982,321. The District issued \$4,040,000 of General Obligation Refunding Bonds to advance refund the Series 2007 General Obligation Bonds. Total principal and interest on debt serviced was \$5,455,000 and \$1,149,696, respectively.

The Building Fund accounts for the proceeds of general obligation bonds amounting to \$54,724,822. The purpose of the bonds is for acquiring, constructing, repairing and improving District capital assets and to pay the costs of issuance of the Bonds. During the year ended June 30, 2017, the District expended \$3,898,973 on the various improvement projects.

General Fund Budgetary Highlights

General Fund revenues and other financing sources budgeted were \$21,252,113 and actual revenues were \$22,109,717. The District budgeted for General Fund expenditures of \$25,602,155 for the year ended June 30, 2017. Actual expenditures were \$22,818,266.

Capital Assets

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2017

As of June 30, 2017, the District's Governmental Activities Capital Assets had \$31,766,256 net of accumulated depreciation, invested in a broad range of capital assets, including buildings and improvements, site improvements, transportation equipment and other equipment. The District's primary expenditures were the middle school renovation project. The following is a summary of the of the District's capital asset balances.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Construction in Process	\$ 1,672,847	\$ 3,898,973	\$ 1,672,847	\$ 3,898,973
Capital Assets Being Depreciated:				
Buildings and Improvements	39,671,337	1,448,892	-	41,120,229
Site Improvements	2,296,418	223,955	-	2,520,373
Transportation Equipment	1,862,958	-	-	1,862,958
Vehicles	157,152	83,118	-	240,270
Other Equipment	271,095	-	-	271,095
Total Capital Assets Being Depreciated	<u>44,258,960</u>	<u>1,755,965</u>	<u>-</u>	<u>46,014,925</u>
Less Accumulated Depreciation				
Buildings and Improvements	(14,943,021)	(358,998)	-	(15,302,019)
Site Improvements	(1,126,644)	(8,412)	-	(1,135,056)
Transportation Equipment	(1,325,756)	(89,816)	-	(1,415,572)
Vehicles	(149,659)	(3,279)	-	(152,938)
Other Equipment	(122,444)	(19,613)	-	(142,057)
Total Accumulated Depreciation	<u>(17,667,524)</u>	<u>(480,118)</u>	<u>-</u>	<u>(18,147,642)</u>
Total Capital Assets Being Depreciated, Net	<u>26,591,436</u>	<u>1,275,847</u>	<u>-</u>	<u>27,867,283</u>
Total Governmental Activities Capital Assets	<u>\$ 28,264,283</u>	<u>\$ 5,174,820</u>	<u>\$ 1,672,847</u>	<u>\$ 31,766,256</u>

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

Long-Term Debt

As of June 30, 2017, the District has long-term debt of \$68,778,880. The district voters approved increasing its debt by \$48,600,000. The following is a summary of the District's long-term debt balances:

	<u>2017</u>	<u>2016</u>
General Obligation Bonds	\$ 62,340,000	\$ 15,155,000
Deferred Premium	6,342,303	353,196
Capital Leases	-	38,899
Compensated Absences	96,577	86,197
	<u>\$ 68,778,880</u>	<u>\$ 15,633,292</u>

WELD COUNTY SCHOOL DISTRICT RE-8
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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

Economic Factors and Next Year's Budget

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

The primary factors driving the budget for the District are student enrollment and rescissions imposed by the State. The Funded Pupil Count for the 2016 - 17 school year was 2,226.8. The Funded Pupil Count projected for the 2017 - 18 school year is expected to be 2,212.9. These factors, in addition to expected rescission factors, were considered in preparing the District's budget for 2017 - 18.

In the November 2016 election, the community voted to approve a \$48.6 million Bond that will improve each and every school in the district. The bonds have been issued and construction has started and will continue through 2018. The breakdown on the money will allow each school to receive new furniture in every classroom, safety improvements including fire sprinklers, American Disabilities Act compliant door hardware, lighting, technology, classroom acoustics, as well as enhancements to the secure entrances. The cost breakdown on your investment is as follows:

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

WELD COUNTY SCHOOL DISTRICT RE-8

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities
Assets	
Cash and Investments	\$ 71,294,783
Cash with County Treasurer	212,790
Accounts Receivable	56,991
Taxes Receivable	66,281
Grants Receivable	905,496
Inventory	34,866
Capital Assets Not Being Depreciated	3,898,973
Capital Assets, Net of Accumulated Depreciation	27,867,283
Total Assets	<u>104,337,463</u>
Deferred Outflows of Resources	
Deferred Outflows of Resources Related to Pensions	4,780,294
Total Deferred Outflows of Resources	<u>4,780,294</u>
Liabilities	
Accounts Payable	1,776,574
Accrued Liabilities	19,045
Retainage Payable	99,527
Accrued Salaries and Benefits	2,754,714
Unearned Revenues	193,552
Accrued Interest Payable	216,078
Noncurrent Liabilities:	
Due Within One Year	3,165,000
Due in More Than One Year	65,613,880
Net Pension Liability	95,517,225
Total Liabilities	<u>169,355,595</u>
Deferred Inflows of Resources	
Deferred Inflows of Resources Related to Pensions	431,575
Net Position	
Net Investment in Capital Assets	14,359,029
Restricted for:	
Debt Service	6,226,438
Capital Projects	51,275,076
Preschool	135,838
Emergencies	753,000
Unrestricted	<u>(133,418,794)</u>
Total Net Position	<u><u>\$ (60,669,413)</u></u>

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

WELD COUNTY SCHOOL DISTRICT RE-8

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenues And Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 42,256,717	\$ 26,919	\$ 3,200,471	\$ -	\$ (39,029,327)
Supporting Services	31,383,176	154,844	1,172,059	46,910	(30,009,363)
Interest and Fiscal Charges	2,577,410	-	-	-	(2,577,410)
Total	\$ 76,217,303	\$ 181,763	\$ 4,372,530	\$ 46,910	(71,616,100)
General Revenues:					
Local Property Taxes					22,461,845
Specific Ownership Taxes					1,580,914
State Equalization					3,276,452
Unrestricted Investment Earnings					324,534
Miscellaneous					520,140
Total General Revenues					28,163,885
Change in Net Position					(43,452,215)
Net Position - Beginning					(17,217,198)
Net Position - Ending					\$ (60,669,413)

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

WELD COUNTY SCHOOL DISTRICT RE-8

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	General	Grants	Bond Redemption	Building	Total Nonmajor Funds	Total
Assets						
Cash and Investments	\$ 10,771,072	\$ -	\$ 6,440,243	\$ 52,965,488	\$ 1,117,980	\$ 71,294,783
Cash with County Treasurer	198,629	-	14,161	-	-	212,790
Accounts Receivable	56,991	-	-	-	-	56,991
Taxes Receivable	45,570	-	20,711	-	-	66,281
Grants Receivable	-	788,052	-	-	117,444	905,496
Inventory	-	-	-	-	34,866	34,866
Due from Other Funds	731,445	379,229	-	-	-	1,110,674
Total Assets	\$ 11,803,707	\$ 1,167,281	\$ 6,475,115	\$ 52,965,488	\$ 1,270,290	\$ 73,681,881
Liabilities						
Accounts Payable	\$ 96,078	\$ 78,831	\$ -	\$ 1,590,885	\$ 10,780	\$ 1,776,574
Retainage Payable	-	-	-	99,527	-	99,527
Accrued Liabilities	19,045	-	-	-	-	19,045
Accrued Salaries and Benefits	2,752,471	1,018	-	-	1,225	2,754,714
Unearned Revenues	-	193,552	-	-	-	193,552
Due to Other Funds	-	893,880	15,766	-	201,028	1,110,674
Total Liabilities	2,867,594	1,167,281	15,766	1,690,412	213,033	5,954,086
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	58,076	-	16,833	-	-	74,909
Fund Balances						
Nonspendable	-	-	-	-	34,866	34,866
Restricted						
Emergencies	753,000	-	-	-	-	753,000
Colorado Preschool Program	135,838	-	-	-	-	135,838
Debt Service	-	-	6,442,516	-	-	6,442,516
Capital Projects	-	-	-	51,275,076	-	51,275,076
Assigned						
Subsequent Year's Expenditures	2,284,833	-	-	-	-	2,284,833
Future Land Purchases	138,408	-	-	-	-	138,408
Other Purposes	-	-	-	-	1,022,391	1,022,391
Unassigned	5,565,958	-	-	-	-	5,565,958
Total Fund Balances	8,878,037	-	6,442,516	51,275,076	1,057,257	67,652,886
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,803,707	\$ 1,167,281	\$ 6,475,115	\$ 52,965,488	\$ 1,270,290	\$ 73,681,881

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

WELD COUNTY SCHOOL DISTRICT RE-8

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
For the Year Ended June 30, 2017**

Total Fund Balances of Governmental Funds	\$ 67,652,886
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Total Net Position reported for governmental activities in the statement of net Position are different because:

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

Capital Assets Cost	\$ 49,913,898	
Accumulated Depreciation	<u>(18,147,642)</u>	31,766,256

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the funds. This amount represents property taxes.	74,909
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at June, 30, 2017 are:

Bonds Payable	(62,340,000)	
Bond Premium (to be amortized as interest expense)	(6,342,303)	
Net Pension Liability	(95,517,225)	
Compensated Absences	(96,577)	
Accrued Interest Payable	<u>(216,078)</u>	(164,512,183)

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

Pension contributions from the measurement date to June 30, 2017	1,429,393	
Deferred outflows of resources related to pensions	3,350,901	
Deferred inflows of resources related to pensions	<u>(431,575)</u>	<u>4,348,719</u>

Total Net Position of Governmental Activities	<u><u>\$ (60,669,413)</u></u>
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The notes to the financial statements are an integral part of this statement.

WELD COUNTY SCHOOL DISTRICT RE-8

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	General	Grants	Bond Redemption	Building	Total Nonmajor Funds	Total
Revenues						
Local Sources	\$ 17,764,263	\$ 29,626	\$ 7,003,345	\$ 235,571	\$ 27	\$ 25,032,832
State Sources	4,345,454	846,385	-	-	19,370	5,211,209
Federal Sources	-	1,441,921	-	-	965,407	2,407,328
Charges for Services	-	-	-	-	154,394	154,394
Total Revenues	22,109,717	2,317,932	7,003,345	235,571	1,139,198	32,805,763
Expenditures						
Current:						
Instruction	12,714,972	1,469,126	-	-	-	14,184,098
Supporting Services	10,103,294	848,806	-	-	1,236,047	12,188,147
Capital Outlay	-	-	-	3,898,973	94,212	3,993,185
Debt Service:						
Principal	-	-	5,455,000	-	39,323	5,494,323
Interest and Fiscal Charges	-	-	1,149,696	-	1,100	1,150,796
Bond Issuance Costs	-	-	152,481	605,461	-	757,942
Total Expenditures	22,818,266	2,317,932	6,757,177	4,504,434	1,370,682	37,768,491
Excess Revenues Over (Under) Expenditures	(708,549)	-	246,168	(4,268,863)	(231,484)	(4,962,728)
Other Financing Sources						
General Obligation Bonds Issued	-	-	4,040,000	48,600,000	-	52,640,000
Premium on General Obligation Bonds Iss	-	-	217,481	6,124,822	-	6,342,303
Transfers In	-	-	-	-	403,610	403,610
Transfers Out	(403,610)	-	-	-	-	(403,610)
Total Other Financing Sources (Uses)	(403,610)	-	4,257,481	54,724,822	403,610	58,982,303
Net Change in Fund Balances	(1,112,159)	-	4,503,649	50,455,959	172,126	54,019,575
Fund Balances, Beginning	9,990,196	-	1,938,867	819,117	885,131	13,633,311
Fund Balances, Ending	\$ 8,878,037	\$ -	\$ 6,442,516	\$ 51,275,076	\$ 1,057,257	\$ 67,652,886

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

WELD COUNTY SCHOOL DISTRICT RE-8

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds	\$ 54,019,575
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital Outlay	\$ 3,982,091	
Depreciation Expense	<u>(480,118)</u>	3,501,973

Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in property taxes not available at year end.	(40,675)
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Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which costs of benefits earned net of employee contributions exceeded pension contributions from the measurement date (12/31/16) to June 30, 2017.	(1,429,393)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in pension liability	(45,336,663)
Change in compensated absences liability	(10,380)

The issuance of long-term debt and capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and capital leases consume current financial resources of governmental funds. These transactions, however, have no effect on net position.	
Debt Issuance - Bonds	(52,640,000)
Premium on General Obligation Bonds Issued	<u>(6,342,303)</u>
Repayments:	
General Obligation Bonds Principal Payment	5,455,000
Capital Leases Principle Payments	<u>39,323</u>
	(58,982,303)
	5,494,323

Interest expense in the statement of activities differs from the amount reported in governmental funds because of additional accrued and accreted interest, amortization of bond premiums, issue costs and refunding losses.	
Change in accrued interest on long-term debt	(177,286)
Amortization of bond premium	(353,196)
Amortization of deferred loss on refunding	<u>(138,190)</u>
	(668,672)

Change in Net Position of Governmental Activities	<u>\$ (43,452,215)</u>
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The notes to the financial statements are an integral part of this statement.

WELD COUNTY SCHOOL DISTRICT RE-8

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash and Investments	\$ 21,289	\$ 118,712
Total Assets	21,289	\$ 118,712
Liabilities		
Accounts Payable	-	\$ 2,137
Due to Student Groups	-	116,575
Total Liabilities	-	\$ 118,712
Net Position Held In Trust for Scholarships	\$ 21,289	

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

WELD COUNTY SCHOOL DISTRICT RE-8
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	<u>Private Purpose Trust Fund</u>
Additions	
Investment Income	<u>\$ 3</u>
Total Additions	<u>3</u>
Deductions	
Scholarships	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	3
Net Position, Beginning	<u>21,286</u>
Net Position, Ending	<u><u>\$ 21,289</u></u>

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

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

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

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

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

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

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

The **Bond Redemption Fund** accounts for property taxes restricted for the payment of general obligation debt issued by the District.

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

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

In addition, the District reports the following fund types:

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

D. Assets, Liabilities and Fund Balance/Net Position

1. Deposits and Investments

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

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

2. Accounts Receivable

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

3. Interfund Receivables/Payables

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

4. Property Taxes

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

5. Inventories

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

6. Capital Assets

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

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

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

7. Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reflected as a liability in the financial statements.

8. Unearned Revenues

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

9. Deferred Outflows/Inflows of Resources

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

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

The District also has 5 items classified as deferred outflows of resources related to GASB No. 68 and No. 71:

1. Change in experience;
2. Change in assumptions;
3. Change in investment earnings;
4. Change in proportionate share of the net pensions liability; and
5. Contributions subsequent to measurement date

See Note 8 for additional information.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

10. Compensated Absences

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

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

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

11. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization, which approximates the effective interest method. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures in both the government-wide and fund financial statements.

The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service – Bond Redemption Fund. The long-term compensated absences payable are serviced from property taxes and other revenues of the General Fund from future appropriations.

12. Pensions

The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Estimates

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

14. Fund Equity

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

Net Position

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

The District reports the following restricted net positions:

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

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

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

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

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

Fund Balance

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Fund balances are classified as follows:

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

Subsequent Year's Expenditures – The District has assigned \$1,554,450 of the year-end fund balance which is appropriated in the 2017-2018 budget.

Future Land Purchases – The District has assigned \$138,408 for future land purchases or development.

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

Flow Assumptions

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

- Committed
- Assigned
- Unassigned

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS

At June 30, 2017, the District had the following cash and investments:

Cash on Hand	\$ 1,840
Deposits	3,252,342
Investments	<u>68,180,602</u>
Total	<u>\$ 71,434,784</u>

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

Governmental Activities	\$ 71,294,783
Fiduciary Funds	<u>140,001</u>
Total	<u>\$ 71,434,784</u>

Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At June 30, 2017, the District's bank deposits amounting to \$3,512,894, were insured by either federal depository insurance or collateralized by the financial institutions' agent not in the District's name and consequently were not exposed to custodial credit risk.

Investments

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

- Obligations of the United States and certain U.S. government agencies' securities;
- Certain international agencies' securities;
- General obligation and revenue bonds of U.S. local government entities;

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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- Bankers' acceptances of certain banks;
 - Commercial paper holding the highest credit rating category and with a maturity within 180 days;
 - Local government investment pools;
 - Written repurchase agreements collateralized by certain authorized securities;
 - Certain money market funds;
 - Guaranteed investment contracts.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's safekeeping bank must meet the following requirements under District policy: the purchase and sale of securities and repurchase agreements shall be settled on a delivery versus payment basis. Ownership of all securities shall be perfected in the name of the District. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices. As of June 30, 2017, none of the District's investments were exposed to custodial credit risk.

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

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

Concentration of Credit Risk – The District's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the District to meet its anticipated cash requirements. The District's policy requires that at least 50% of the portfolio will be invested in some combination of U.S. Treasury securities, Federal Instrumentality securities, Repurchase Agreements or Eligible Local Governmental Investment Pools. The 50% requirement in this combination of safe investments assures that the District's credit risk is spread across a variety of securities and that imprudent concentrations will not occur in slightly more aggressive securities.

As of June 30, 2017, the District's investments consisted of the following:

	Fair Value	Weighted Maturity in Days
Colotrust	<u>\$ 68,180,602</u>	1
Total Investments	<u><u>\$ 68,180,602</u></u>	

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As of June 30, 2017, the District has invested \$68,180,602 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The District's investment in COLOTRUST is rated AAAM by Standard and Poor's.

NOTE 3: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Interfund balances as of June 30, 2017, consisted of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 731,445	\$ -
Grants Fund	379,229	893,880
Bond Redemption Fund	-	15,766
Food Service Fund	-	201,028
	<u>\$ 1,110,674</u>	<u>\$ 1,110,674</u>

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

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

During the year ended June 30, 2017, the General Fund transferred \$103,610 to the Food Service Fund and \$300,000 to the Capital Reserve Fund to subsidize operations of those funds.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, is summarized below.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Construction in Process	\$ 1,672,847	\$ 3,898,973	\$ 1,672,847	\$ 3,898,973
Capital Assets Being Depreciated:				
Buildings and Improvements	39,671,337	1,448,892	-	41,120,229
Site Improvements	2,296,418	223,955	-	2,520,373
Transportation Equipment	1,862,958	-	-	1,862,958
Vehicles	157,152	83,118	-	240,270
Other Equipment	271,095	-	-	271,095
Total Capital Assets Being Depreciated	44,258,960	1,755,965	-	46,014,925
Less Accumulated Depreciation				
Buildings and Improvements	(14,943,021)	(358,998)	-	(15,302,019)
Site Improvements	(1,126,644)	(8,412)	-	(1,135,056)
Transportation Equipment	(1,325,756)	(89,816)	-	(1,415,572)
Vehicles	(149,659)	(3,279)	-	(152,938)
Other Equipment	(122,444)	(19,613)	-	(142,057)
Total Accumulated Depreciation	(17,667,524)	(480,118)	-	(18,147,642)
Total Capital Assets Being Depreciated, Net	26,591,436	1,275,847	-	27,867,283
Total Governmental Activities Capital Assets	<u>\$ 28,264,283</u>	<u>\$ 5,174,820</u>	<u>\$ 1,672,847</u>	<u>\$ 31,766,256</u>

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

Governmental Activities

Instruction	\$ 341,124
Supporting Services	<u>138,994</u>
Total	<u>\$ 480,118</u>

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NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2017.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2007, Refunding	\$ 4,895,000	\$ -	\$ 4,895,000	\$ -	\$ -
Series 2012	7,600,000	-	-	7,600,000	510,000
Series 2013	2,660,000	-	500,000	2,160,000	-
Series 2016, Refunding	-	4,040,000	60,000	3,980,000	820,000
Series 2017	-	48,600,000	-	48,600,000	1,835,000
Subtotal General Obligation Bonds	15,155,000	52,640,000	5,455,000	62,340,000	3,165,000
Capital Lease Obligations:					
Transportation Equipment, 2014	17,619	-	17,619	-	-
Transportation Equipment, 2014	21,280	-	21,280	-	-
Subtotal Capital Leases	38,899	-	38,899	-	-
Compensated Absences	86,197	66,881	56,501	96,577	96,577
Unamortized Original Issue Premiums	353,196	6,342,303	353,196	6,342,303	321,999
Total	\$ 15,633,292	\$ 59,049,184	\$ 5,903,596	\$ 68,778,880	\$ 3,583,576

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

General Obligation Bonds

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

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

\$4,125,000 General Obligation Bonds, Series 2013, were issued to finance improvements to Fort Lupton High School, Fort Lupton Middle School, Butler Elementary School and Twombly Elementary School. Principal payments are due annually on December 1, through 2032. Interest payments are due semi-annually on June 1

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

and December 1, with interest accruing at rates ranging from 2.00% to 3.50%. Bonds maturing on or after January 1, 2023 are callable at par in any order of maturity on December 1, 2022.

\$4,040,000 General Obligation Refunding Bonds, Series 2016, were issued to advance refund a portion of the General Obligation Bonds, Series 2007. Principal payments are due annually on December 1, through 2021. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.00% to 3.00%. Repayment of both principal and interest on the bonds are insured. The Bonds are not subject to redemption prior to their respective maturity dates.

\$48,600,000 General Obligation Bonds, Series 2017, were issued for acquiring, constructing, repairing and improving District capital assets and to pay the costs of issuance of the Bonds. The Bonds are general obligations of the District and are secured by the District's full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate and in an amount sufficient to pay the principal of and interest on the Bonds when due. Principal payments are due annually on December 1, through 2036. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 3.00% to 5.00%. The Bonds maturing on and before December 1, 2026 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on and after December 1, 2027 are subject to redemption prior to maturity, at the option of the District, in whole or in part, and if in part in such order of maturities as the District is to determine and by lot within a maturity, on December 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

Bond payments to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,165,000	\$ 2,529,663	\$ 5,694,663
2019	2,160,000	2,428,588	4,588,588
2020	2,240,000	2,355,638	4,595,638
2021	2,315,000	2,282,738	4,597,738
2022	2,385,000	2,205,588	4,590,588
2023 - 2027	13,450,000	9,551,275	23,001,275
2028 - 2032	16,350,000	6,557,831	22,907,831
2033 - 2037	20,275,000	2,517,175	22,792,175
Total	<u>\$ 62,340,000</u>	<u>\$ 30,428,496</u>	<u>\$ 92,768,496</u>

NOTE 6: RISK MANAGEMENT

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

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NOTES TO THE FINANCIAL STATEMENTS

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

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

NOTE 7: FORT LUPTON PUBLIC AND SCHOOL LIBRARY

In 1976, the District and the City of Fort Lupton (the "City") formed the Fort Lupton Public and School Library (the "Library") through intergovernmental agreement, and as allowed by State statutes. The agreement was modified on March 16, 2006 to include the Fort Lupton Public and School Library Board of Trustees which caused the library to be recognized as a "Joint Library" as defined by statute and to bring it into compliance with the provisions of the Colorado Library Law (CRS 24-90-101, et seq.). The Library is governed by the Library Board of Trustees consisting of seven members. Three each are appointed by the District and the City and one member is appointed by the six appointees. In addition to serving as Fort Lupton High School's library, the Library also serves the general public. The obligations of the District to the Library are limited to providing space within Fort Lupton High School for the Library, providing appurtenances to the site, including off street parking, accessible restrooms and services necessary for use of the site as a public library and providing maintenance, custodial care and utilities. Financial information for the Library may be obtained by contacting the City.

NOTE 8: EMPLOYEE PENSION PLAN

Defined Benefit Pension Plan

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

www.copera.org/investments/pera-financial-reports

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

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

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

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

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

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

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

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

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

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June 30, 2017

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF ¹	18.13%	18.63%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,610,444 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$95,517,225 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was 0.3208089327%, which was an increase of 0.0009495352% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$46,766,056. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 431,575
Net difference between projected and actual earnings on pension plan investments	3,193,897	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	157,004
Contributions subsequent to the measurement date	1,429,393	N/A
Total	\$ 4,623,290	\$ 588,579

\$4,780,294 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 1,008,844
2019	1,008,844
2020	1,560,260
2021	2,049,267
2022	-

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

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90 – 10.10%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Discount rate	7.50%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; (automatic)	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation 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

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

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NOTES TO THE FINANCIAL STATEMENTS

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- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and 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 by the investment consultant for each major asset class.

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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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 7.25%.

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

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June 30, 2017

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26%, 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 (4.26%) or 1-percentage-point higher (6.26%) than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	\$54,973,067	\$43,717,274	\$34,549,838

Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at:

www.copera.org/investments/pera-financial-reports.

NOTE 9: POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Plan Description – The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at:

www.copera.org/investments/pera-financial-reports.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

Funding Policy – The District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2017, 2016 and 2015 the District contributions to the HCTF were \$149,143, \$144,951 and \$138,098, respectively, equal to their required contributions for each year.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2017, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

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

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

The Amendment requires the District to establish a reserve for emergencies. At June 30, 2017, the District's reserve of \$753,000 was reported as a restriction of fund balance in the General Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

WELD COUNTY SCHOOL DISTRICT RE-8

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Property Taxes	\$ 17,089,307	\$ 15,531,923	\$ 15,520,199	\$ (11,724)
Specific Ownership Taxes	820,058	877,807	1,580,914	703,107
Tuition and Fees	35,500	36,400	27,369	(9,031)
Net Investment Income	10,500	10,500	67,912	57,412
Other	413,982	525,661	567,869	42,208
Total Local Sources	<u>18,369,347</u>	<u>16,982,291</u>	<u>17,764,263</u>	<u>781,972</u>
State Sources				
State Equalization	2,042,074	3,280,409	3,276,452	(3,957)
Exceptional Children's Education Act	650,000	664,096	742,260	78,164
Hold Harmless Kindergarten	58,279	57,103	56,814	(289)
Vocational Education	65,000	83,466	83,465	(1)
Transportation	175,000	184,748	186,463	1,715
Total State Sources	<u>2,990,353</u>	<u>4,269,822</u>	<u>4,345,454</u>	<u>75,632</u>
Total Revenues	<u>21,359,700</u>	<u>21,252,113</u>	<u>22,109,717</u>	<u>857,604</u>
Expenditures				
Current				
Instruction	14,197,061	13,625,211	12,714,972	910,239
Students	1,089,794	1,070,780	1,079,437	(8,657)
Instructional Staff	1,290,370	1,283,037	1,099,386	183,651
General Administration	568,463	576,374	536,051	40,323
School Administration	1,894,403	1,868,955	1,833,111	35,844
Business Services	318,791	316,677	389,722	(73,045)
Operations and Maintenance	3,453,614	3,493,303	3,033,514	459,789
Student Transportation	858,747	858,497	812,869	45,628
Central Support	1,732,078	1,716,172	1,299,846	416,326
Community Services	22,986	22,986	19,358	3,628
Reserves	5,043,114	770,163	-	770,163
Total Expenditures	<u>30,469,421</u>	<u>25,602,155</u>	<u>22,818,266</u>	<u>2,783,889</u>
Excess Revenues				
Over (Under) Expenditures	(9,109,721)	(4,350,042)	(708,549)	3,641,493
Other Financing Sources (Uses)				
Transfers Out	<u>(332,228)</u>	<u>(350,853)</u>	<u>(403,610)</u>	<u>(52,757)</u>
Net Change in Fund Balance	<u>(9,441,949)</u>	<u>(4,700,895)</u>	<u>(1,112,159)</u>	<u>3,588,736</u>
Fund Balance - Beginning	<u>8,387,243</u>	<u>9,174,208</u>	<u>9,990,196</u>	<u>815,988</u>
Fund Balance - Ending	<u>\$ (1,054,706)</u>	<u>\$ 4,473,313</u>	<u>\$ 8,878,037</u>	<u>\$ 4,404,724</u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

SPECIAL REVENUE FUND - GRANTS FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Grants	\$ 17,015	\$ 20,861	\$ 29,626	\$ 8,765
State Grants	743,917	877,866	846,385	(31,481)
Federal Grants	2,156,960	2,174,603	1,441,921	(732,682)
Total Revenues	2,917,892	3,073,330	2,317,932	(755,398)
Expenditures				
Current				
Instruction	1,590,321	1,870,209	1,469,126	401,083
Students	302,380	302,380	271,387	30,993
Instructional Staff	555,360	555,360	545,445	9,915
General Administration	35,945	35,945	31,372	4,573
Community Services	600	600	602	(2)
Total Expenditures	2,484,606	2,764,494	2,317,932	446,562
Net Change in Fund Balance	433,286	308,836	-	(308,836)
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ 433,286	\$ 308,836	\$ -	\$ (308,836)

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERA PENSION PLAN - SCHOOL DIVISION TRUST FUND

LAST TEN YEARS *

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District Proportion of the Net Pension Liability (Asset)	0.00321%	0.31986%	0.32624%	0.32624%
District Proportionate Share of the Net Pension Liability (Asset)	\$ 95,517,225	\$ 48,920,237	\$ 43,056,888	\$ 41,611,861
District Covered Employee Payroll	\$ 14,400,841	\$ 13,939,399	\$ 13,308,692	\$ 13,151,784
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	663.275%	350.949%	323.525%	316.397%
Calculation of Collective Net Pension Liability (\$ in thousands):				
Total Pension Liability	\$ 52,354,913	\$ 37,447,062	\$ 36,473,966	\$ 35,494,976
Plan Fiduciary Net Position	<u>22,581,046</u>	<u>22,152,768</u>	<u>22,920,607</u>	<u>22,740,003</u>
Net Pension Liability	<u>\$ 29,773,867</u>	<u>\$ 15,294,294</u>	<u>\$ 13,553,359</u>	<u>\$ 12,754,973</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.13%	59.16%	62.84%	64.07%

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

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

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8**SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERA PENSION PLAN - SCHOOL DIVISION TRUST FUND
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 2,835,891	\$ 2,519,204	\$ 2,285,515	\$ 2,116,465	\$ 1,946,617
Contributions in Relation to the Contractually Required Contribution	<u>(2,835,891)</u>	<u>(2,519,204)</u>	<u>(2,285,515)</u>	<u>(2,116,465)</u>	<u>(1,946,617)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 14,621,903	\$ 14,210,929	\$ 13,538,972	\$ 13,248,391	\$ 12,908,385
Contributions as a Percentage of Covered Employee Payroll	19.39%	17.73%	16.88%	15.98%	15.08%

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

WELD COUNTY SCHOOL DISTRICT RE-8

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements. By May 31, management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

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

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

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

During the year ended June 30, 2017, supplementary appropriations approved by the District as follows:

	Original	Modified	
	Appropriation	Appropriation	Change
General Fund	\$ 30,801,649	\$ 25,953,008	\$ (4,848,641)
Grants Fund	2,484,606	2,764,494	279,888
Bond Redemption Fund	4,016,532	6,757,177	2,740,645
Capital Reserve Fund	861,513	491,000	(370,513)
Building Fund	633,674	17,507,282	16,873,608
Food Service Fund	1,159,236	1,149,594	(9,642)

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

WELD COUNTY SCHOOL DISTRICT RE-8

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017**

	<u>Food Service</u>	<u>Capital Reserve</u>	<u>Total</u>
Assets			
Cash and Investments	\$ 100,038	\$ 1,017,942	\$ 1,117,980
Grants Receivable	117,444	-	117,444
Inventory	34,866	-	34,866
	<u>252,348</u>	<u>1,017,942</u>	<u>1,270,290</u>
Total Assets	\$ 252,348	\$ 1,017,942	\$ 1,270,290
Liabilities			
Accounts Payable	\$ 10,780	\$ -	\$ 10,780
Accrued Salaries and Benefits	1,225	-	1,225
Due to Other Funds	201,028	-	201,028
	<u>213,033</u>	<u>-</u>	<u>213,033</u>
Total Liabilities	213,033	-	213,033
Fund Balances			
Nonspendable	34,866	-	34,866
Assigned	4,449	1,017,942	1,022,391
	<u>39,315</u>	<u>1,017,942</u>	<u>1,057,257</u>
Total Fund Balances	39,315	1,017,942	1,057,257
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 252,348	\$ 1,017,942	\$ 1,270,290

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	Food Service	Capital Reserve	Total
Revenues			
Local Sources	\$ -	\$ -	\$ -
Charges for Services	154,394	-	154,394
Net Investment Income	27	-	27
State Sources	19,370	-	19,370
Federal Sources	965,407	-	965,407
Total Revenues	1,139,198	-	1,139,198
Expenditures			
Current:			
Supporting Services	1,236,047	-	1,236,047
Capital Outlay	7,057	87,155	94,212
Debt Service:			
Principal	-	39,323	39,323
Interest and Fiscal Charges	-	1,100	1,100
Total Expenditures	1,243,104	127,578	1,370,682
Excess Revenues Over (Under) Expenditures	(103,906)	(127,578)	(231,484)
Other Financing Sources			
Transfers In	103,610	300,000	403,610
Total Other Financing Sources	103,610	300,000	403,610
Net Change in Fund Balances	(296)	172,422	172,126
Fund Balances, Beginning	39,611	845,520	885,131
Fund Balances, Ending	\$ 39,315	\$ 1,017,942	\$ 1,057,257

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**FOOD SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services:				
Food Sales	\$ 141,950	\$ 141,950	\$ 154,394	\$ 12,444
Investment Income	3	(3)	27	30
State Sources	21,500	21,500	19,370	(2,130)
Federal Sources:				
School Breakfast Program	262,500	262,500	255,729	(6,771)
National School Lunch Program	608,500	608,500	613,347	4,847
Summer Food Program	20,000	20,000	18,037	(1,963)
Donated Commodities	65,000	65,000	78,294	13,294
Transfers In	32,228	50,853	103,610	52,757
Total Revenues	1,151,681	1,170,300	1,242,808	72,508
Expenditures				
Salaries	351,273	352,323	341,576	10,747
Benefits	193,354	193,441	197,979	(4,538)
Purchased Services	135,255	135,200	163,812	(28,612)
Commodities	500	500	(840)	1,340
Supplies and Materials	461,331	461,330	533,520	(72,190)
Capital Outlay	6,500	6,500	7,057	(557)
Other	300	300	-	300
Reserves	10,723	-	-	-
Total Expenditures	1,159,236	1,149,594	1,243,104	(93,510)
Net Change in Fund Balance	(7,555)	20,706	(296)	(21,002)
Fund Balance, Beginning	-	1,947	39,611	(37,664)
Fund Balance, Ending	\$ (7,555)	\$ 22,653	\$ 39,315	\$ (58,666)

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**BOND REDEMPTION FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Property Taxes	\$ 2,095,500	\$ 6,995,500	\$ 6,982,321	\$ (13,179)
Net Investment Income	1,000	10,000	21,024	11,024
Total Revenues	<u>2,096,500</u>	<u>7,005,500</u>	<u>7,003,345</u>	<u>(2,155)</u>
Expenditures				
Debt Service:				
Principal	1,290,000	5,455,000	5,455,000	-
Interest and Fiscal Charges	446,753	1,149,696	1,149,696	-
Bond Issuance Costs	-	152,481	152,481	-
Reserves	2,279,779	-	-	-
Total Expenditures	<u>4,016,532</u>	<u>6,757,177</u>	<u>6,757,177</u>	<u>-</u>
Excess Revenues				
Over (Under) Expenditures	<u>(1,920,032)</u>	<u>248,323</u>	<u>246,168</u>	<u>(2,155)</u>
Other Financing Sources				
General Obligation Bonds Issued	-	4,040,000	4,040,000	-
Premium on General Obligation Bonds Issued	-	217,481	217,481	-
Total Other Financing Source	<u>-</u>	<u>4,257,481</u>	<u>4,257,481</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,920,032)</u>	<u>4,505,804</u>	<u>4,503,649</u>	<u>(2,155)</u>
Fund Balance, Beginning	<u>1,599,916</u>	<u>1,583,037</u>	<u>1,938,867</u>	<u>355,830</u>
Fund Balance, Ending	<u>\$ (320,116)</u>	<u>\$ 6,088,841</u>	<u>\$ 6,442,516</u>	<u>\$ 353,675</u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**CAPITAL RESERVE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current:				
Operations and Maintenance	155,000	100,000	-	100,000
Student Transportation	15,000	15,000	-	15,000
Capital Outlay	219,000	287,000	87,155	199,845
Debt Service:				
Principal	85,000	85,000	39,323	45,677
Interest and Fiscal Charges	4,000	4,000	1,100	2,900
Reserves	383,513	-	-	-
Total Expenditures	861,513	491,000	127,578	363,422
Excess Revenues Over (Under) Expenditures	(861,513)	(491,000)	(127,578)	363,422
Other Financing Sources				
Transfers In	300,000	300,000	300,000	-
Total Other Financing Sources	300,000	300,000	300,000	-
Net Change in Fund Balance	(561,513)	(191,000)	172,422	363,422
Fund Balance, Beginning	369,848	592,986	845,520	252,534
Fund Balance, Ending	\$ (191,665)	\$ 401,986	\$ 1,017,942	\$ 615,956

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**BUILDING FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Net Investment Income	\$ -	\$ 200,415	\$ 235,571	\$ 35,156
Total Revenues	<u>-</u>	<u>200,415</u>	<u>235,571</u>	<u>35,156</u>
Expenditures				
Capital Outlay	633,674	17,507,282	3,898,973	13,608,309
Bond Issuance Costs		-	605,461	(605,461)
Total Expenditures	<u>633,674</u>	<u>17,507,282</u>	<u>4,504,434</u>	<u>13,002,848</u>
Excess Revenues Over (Under) Expenditures	<u>(633,674)</u>	<u>(17,306,867)</u>	<u>(4,268,863)</u>	<u>13,038,004</u>
Other Financing Sources				
General Obligation Bonds Issued	-	48,600,000	48,600,000	-
Premium on General Obligation Bonds Issued	-	5,519,361	6,124,822	605,461
Total Other Financing Sources	<u>-</u>	<u>54,119,361</u>	<u>54,724,822</u>	<u>605,461</u>
Net Change in Fund Balance	<u>(633,674)</u>	<u>36,812,494</u>	<u>50,455,959</u>	<u>13,643,465</u>
Fund Balance, Beginning	<u>971,847</u>	<u>1,281,491</u>	<u>819,117</u>	<u>(462,374)</u>
Fund Balance, Ending	<u>\$ 338,173</u>	<u>\$ 38,093,985</u>	<u>\$ 51,275,076</u>	<u>\$ 13,181,091</u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

**PRIVATE PURPOSE TRUST FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Net Investment Income	\$ 1,002	\$ 1,002	\$ 3	\$ (999)
Total Revenues	<u>1,002</u>	<u>1,002</u>	<u>3</u>	<u>(999)</u>
Expenditures				
Scholarships	1,525	1,525	-	1,525
Reserves	20,762	-	-	-
Total Expenditures	<u>22,287</u>	<u>1,525</u>	<u>-</u>	<u>1,525</u>
 Net Change in Fund Balance	 (21,285)	 (523)	 3	 526
Fund Balance, Beginning	<u>21,282</u>	<u>21,283</u>	<u>21,286</u>	<u>3</u>
Fund Balance, Ending	<u>\$ (3)</u>	<u>\$ 20,760</u>	<u>\$ 21,289</u>	<u>\$ 529</u>

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

For the Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deductions	Balance 6/30/17
PUPIL ACTIVITIES				
Assets				
Cash and Investments	\$ 90,612	\$ 276,479	\$ 248,379	\$ 118,712
Total Assets	<u>\$ 90,612</u>	<u>\$ 276,479</u>	<u>\$ 248,379</u>	<u>\$ 118,712</u>
Liabilities				
Accounts Payable	\$ 1,483	\$ 2,137	\$ 1,483	\$ 2,137
Due to Student Groups	89,129	274,342	246,896	116,575
Total Liabilities	<u>\$ 90,612</u>	<u>\$ 276,479</u>	<u>\$ 248,379</u>	<u>\$ 118,712</u>

See the accompanying Independent Auditor's Report.

COMPLIANCE SECTION

SINGLE AUDIT

The Single Audit Act Amendments of 1996 mandate independent financial and compliance audits of federal award programs. In addition to the required independent auditor's reports, the schedules of expenditures of federal awards and summary of findings and questioned costs are provided to support the requirements for compliance with the OMB Uniform Guidance.

WELD COUNTY SCHOOL DISTRICT RE-8

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Accrued (Deferred) Revenue 6/30/2016	Receipts	Expenditures	Accrued (Deferred) Revenue 6/30/2017
U.S. Department of Education					
Passed Through State Department of Education					
Special Education - IDEA Cluster					
Special Education - IDEA Part B	84.027	\$ 264,181	\$ 537,398	\$ 806,564	\$ 533,347
Special Education - IDEA Part B	84.027	595	595	1,127	1,127
Special Education - IDEA Part B Preschool	84.173	2,112	12,400	21,847	11,559
Subtotal Special Education Cluster		266,888	550,393	829,538	546,033
Title I, Part A	84.010	116,493	356,416	337,257	97,334
Title III, Part A - English Language Acquisition	84.365	10,753	46,543	48,539	12,749
Title II, Part A - Improving Teacher Quality	84.367	18,719	86,667	98,250	30,302
Passed Through State Community College System					
Vocational Education	84.048	7,211	20,199	22,415	9,427
TOTAL U.S. DEPARTMENT OF EDUCATION		420,064	1,060,218	1,335,999	695,845
U.S. Department of Agriculture					
Child Nutrition Cluster					
Passed Through State Department of Human Services					
Food Donation	10.555	-	78,294	78,294	-
Passed Through State Department of Education					
School Breakfast Program	10.553	18,069	239,365	255,729	34,433
National School Lunch Program	10.555	41,827	595,659	613,347	59,515
Summer Food Service Program	10.559	12,022	15,277	4,451	1,196
Subtotal Child Nutrition Cluster		71,918	928,595	951,821	95,144
Subtotal Child Nutrition Program		71,918	928,595	951,821	95,144
TOTAL U.S. DEPARTMENT OF AGRICULTURE		71,918	928,595	951,821	95,144
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 491,982	\$ 1,988,813	\$ 2,287,820	\$ 790,989

See the accompanying Independent Auditor's Report.

WELD COUNTY SCHOOL DISTRICT RE-8

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2017

Note 1: Basis of Presentation

In the accompanying schedule of expenditures of federal awards, award revenues and expenditures have been prepared on the modified accrual basis of accounting, except for the U.S. Department of Agriculture grants, which have been prepared on the full accrual basis of accounting. The basis of accounting used for the schedule of expenditures of federal awards is consistent with the basis of accounting used for the annual financial report presentation.

Note 2: Noncash Federal Awards

The District receives food commodities from the U. S. Department of Agriculture for use in its food service program. Commodities are recorded under CFDA #10.555 on the Schedule of Federal Awards. Commodities are valued at the valuation provided by the USDA. The commodities, in the amount of \$78,294, are recognized as revenue when received. The commodities are recognized as expenditures when used by the schools. The District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue.

Note 3: De Minimis Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Sub Recipients

The District has not funded any sub recipients.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weld County School District Re-8, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Weld County School District Re-8's basic financial statements, and have issued our report thereon dated February 26, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Plutt Hanson, P.C.

February 26, 2018

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

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited Weld County School District Re-8's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Weld County School District Re-8's major federal programs for the year ended June 30, 2017. Weld County School District Re-8's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Weld County School District Re-8's major federal programs based on our audit of the types of compliance requirements referred to above. . We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 Weld County School District Re-8's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Weld County School District Re-8 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Plutt Hanson, P.C.

February 26, 2018

WELD COUNTY SCHOOL DISTRICT RE-8

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

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

Unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

Special Education Cluster:

84.027

84.173

Special Education IDEA Part B

Special Education IDEA Part B Preschool

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

\$750,000

- Auditee qualified as low-risk auditee? X Yes _____ No

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

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

III. Findings and questioned costs for federal awards

There were no findings or questioned costs to be reported in accordance with 2 CFR 200.516(a).

WELD COUNTY SCHOOL DISTRICT RE-8

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

Findings 2016:

There were no prior audit findings and questioned costs.

STATE COMPLIANCE



Colorado Department of Education

Auditors Integrity Report

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

Fiscal Year 2016-17

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	9,369,100	20,360,352	21,587,215	8,142,237
18 Risk Mgmt Sub-Fund of General Fund	463,613	571,856	435,506	599,963
19 Colorado Preschool Program Fund	157,482	773,900	795,545	135,838
Sub- Total	9,990,196	21,706,108	22,818,266	8,878,037
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
21 Food Service Spec Revenue Fund	39,611	1,242,809	1,243,105	39,316
22 Govt Designated-Purpose Grants Fund	0	2,317,932	2,317,932	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,938,867	11,260,827	6,757,177	6,442,516
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	819,117	54,960,392	4,504,434	51,275,076
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	845,520	300,000	127,578	1,017,942
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	13,633,311	91,788,068	37,768,492	67,652,887
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	21,286	3	0	21,289
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	89,129	274,342	246,896	116,575
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	110,415	274,345	246,896	137,864

FINAL

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