

**WELD COUNTY SCHOOL DISTRICT RE-10J
BRIGGSDALE, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2017**



RECEIVED

By the Office of the State Auditor at 3:53 pm, Dec 21, 2017

WELD COUNTY SCHOOL DISTRICT RE-10J

BRIGGSDALE, COLORADO

ROSTER OF SCHOOL OFFICIALS

JUNE 30, 2017

BOARD OF EDUCATION

Kelly Johnston - President
Alphretta Erdman - Vice President
Wendy Tucker - Secretary
Jeffrey Bauer - Member
Leonard Krise - Member

ADMINISTRATIVE STAFF

Rick Mondt
Superintendent of Schools

Kim Fokken
Office Manager

Brook Quint
Business Manager

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Roster of School Officials	
Table of Contents	
FINANCIAL SECTION	
MANAGEMENT’S DISCUSSION AND ANALYSIS (Required Supplementary Information - Unaudited)	M1 – M8
INDEPENDENT AUDITORS’ REPORT	1 - 3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of Governmental Fund Balances to Governmental Activities Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of Governmental Changes in Fund Balance to Governmental Activities – Change in Net Position	9
Statement of Fiduciary Net Position - Fiduciary Funds	10
Notes to Financial Statements	11 - 35
REQUIRED SUPPLEMENTARY INFORMATION (Pension Schedules - Unaudited)	
Schedule of the District’s Proportionate Share of the Net Pension Liability	36
Schedule of District Contributions	37
BUDGETARY COMPARISON SCHEDULES (Required Supplementary Information)	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	38 - 40

TABLE OF CONTENTS
(Continued)

PAGE

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds:

Balance Sheet 41

Schedule of Revenues, Expenditures and Changes in Fund Balance 42

Special Revenue Funds:

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Food Service Fund 43

Debt Service Funds:

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – Bond Redemption Fund 44

Fiduciary (Agency) Funds:

Schedule of Changes in Fiduciary Net Position – Budget and Actual –
Scholarship Agency Fund 45

Schedule of Changes in Fiduciary Net Position – Budget and Actual –
Pupil Activity Agency Fund 46

STATE COMPLIANCE

Auditors Integrity Report 47

Bolded Balance Sheet Report 48 - 50

FINANCIAL SECTION

INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

**Weld County School District RE-10J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

This section of the Weld County School District RE-10J (the "District") financial report offers readers of the District's financial statements management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status decreased slightly over the course of the 2017 fiscal year. Total net position ended at \$(83,976). The net position related to governmental activities and business-type activities had major changes based on the inclusion of the GASB 68 governmental reporting requirements.
- The District had \$4,650,090 in expenses related to governmental activities; only \$246,677 of these expenses was offset by program specific charges for services, operating grants and contributions. General revenues, property taxes, of \$3,419,622 were received to provide for these programs.
- The District's net position on June 30, 2016 was \$1,031,716. Due to GASB 68, the requirement to share PERA's unfunded liability implementation, the net position was \$(83,976) on June 30, 2017.
- General revenues of Governmental Activities totaled \$3,287,721 general purpose taxes accounts for \$2,454,159, or 74.6 percent, and specific ownership taxes of \$193,343 or 5.9 percent of all revenues. Taxes levied for debt service totaled \$365,683 or 10.3 percent while other revenues and earnings on investments and gain on sale of capital assets accounted for \$94,253, or 2.6 percent of total revenues.
- Beginning fund balance for the Food Service Fund was increased by \$27,113 and the fiduciary activities decreased by \$1,907, with a corresponding change in net position of business-type activities.
- The General Fund and Debt Service Fund are the District's major funds. These two funds had \$3,447,309 in revenues and other sources and \$3,163,820 in expenditures, transfers, and other uses. The fund balances increased to \$2,077,596 from \$1,844,107, due primarily to revenues and other sources exceeding expenditures and transfers.
- Enrollment of the District increased 3.18 percent to a full-time equivalent (FTE) of 167.7 students, which represents an increase of 4.6 FTE.

Overview of the Financial Statements

This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements, and required and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the District operates like a business, such as nutritional services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

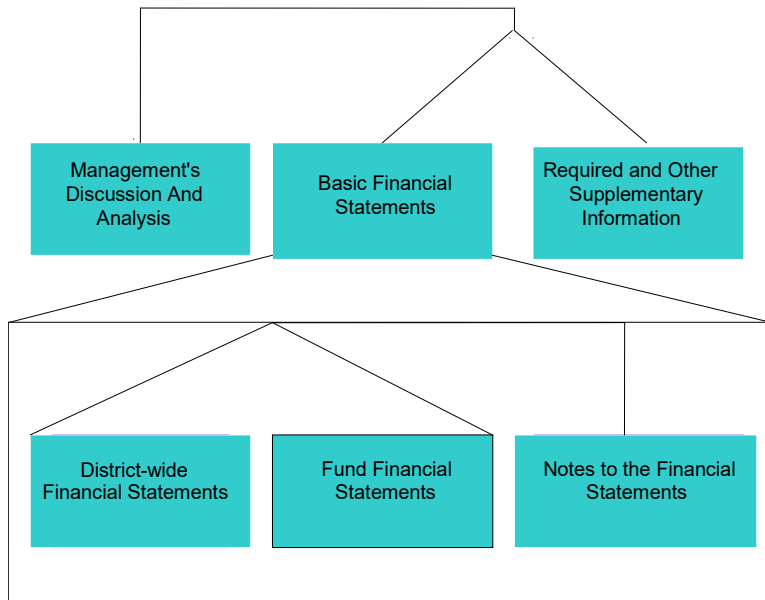
The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required and other supplementary information

**Weld County School District RE-10J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

that further explains and supports the financial statements with a comparison of the District's budget for the year. This section also includes any Colorado mandated reports.

Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another.

**Table 1
Organization of the District's Annual Financial Report**



SUMMARY \longleftrightarrow **DETAIL**

Table 2 displayed on the following page summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, government-wide and fund financial statements, found in the basic financial statements.

**Weld County School District RE-10J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

**Table 2
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Governmental Funds	Fund Financial Statements	
			Proprietary Funds (None reported in 2017)	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education.	Activities the District operates similar to private businesses: Nutritional services.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, and short-term and long-term.	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**Weld County School District RE-10J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To access the District's overall health, you need to consider additional non-financial factors such as the condition of school building and other facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to 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 only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Included in governmental activities are most of the District's basic services such as regular and special education, transportation, maintenance and operations, and administration. The only services accounted for as business-type activities are the District's nutritional services. The basic government-wide financial statements can be found on pages 4 - 10 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant, or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and bond covenants. Other funds control and manage money for particular purposes (such as federal grants). The District's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, debt service, and capital projects funds the District's major funds.

Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.

The District does not currently have any enterprise funds.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The District currently has two fiduciary funds, the private purpose trust fund and the agency fund. The private-purpose trust fund is used to account for scholarship activity. The agency fund is used to account for the student activities.

**Weld County School District RE-10J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 - 35 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. This includes the budget-to-actual information for all funds as dictated by state law. Additionally, the Colorado Department of Education electronic data transmission reports are included in this section.

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

The District's combined net position on June 30, 2017 changed significantly due to the major GASB 68 implementation (Note 7). On June 30, 2016 the net position was \$1,031,716 and after the update based on the GASB 68 requirements the net position ended June 30, 2017 at \$(83,976). Table 3 provides a summary of the District's net position at June 30, 2017.

Table 3

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current Assets	\$ 2,464,621	\$ 2,195,736
Other Assets	<u>5,909,514</u>	<u>5,928,343</u>
Total Assets	<u>8,374,135</u>	<u>8,124,079</u>
Deferred Outflows of Financial Resources	<u>3,750,925</u>	<u>806,514</u>
Current Liabilities	147,845	147,845
Long-term Liabilities	<u>11,992,437</u>	<u>7,688,473</u>
Total Liabilities	<u>8,763,934</u>	<u>7,836,318</u>
Deferred Inflows of Financial Resources	<u>44,405</u>	<u>62,559</u>
Net investment in Capital Assets	3,104,514	2,848,343
Restricted Net Position	628,795	590,978
Unrestricted Net Position	<u>(3,817,285)</u>	<u>(2,407,605)</u>
Total Net Position (Deficit)	<u>\$ (83,976)</u>	<u>\$ 1,031,716</u>

**Weld County School District RE-10J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

At the end of the 2017 fiscal year, District assets reflect a negative change in Governmental Activities and a decrease in total net position from 2016. The change in net position is a reflecting of the GASB 68, PERA reporting requirements.

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (the "Act"). Under this Act, the District received \$12,700 per funded student. Funding for the School Finance Act comes from property taxes, specific ownership tax, and state equalization. The District receives 15.5 percent of this funding from state equalization, 74.9 percent from property tax and specific ownership tax, and the remaining is from federal funding and other miscellaneous revenue sources.

Federal governments subsidized certain programs with grants and contributions in the amount of \$40,399 compared to \$45,055 in the previous year.

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 4 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

**Table 4
Governmental Activities**

	<u>2017</u>	<u>2016</u>
Program Revenues:		
Charges for Services	\$ 45,885	\$ 32,554
Operating Grants	<u>200,792</u>	<u>28,452</u>
Total Program Revenues	<u>246,677</u>	<u>61,006</u>
General Revenues:		
Taxes	2,647,502	3,344,979
State Equalization	547,358	-
Investment Earnings	3,370	1,672
Miscellaneous	<u>89,491</u>	<u>72,971</u>
Total General Revenues	<u>3,287,721</u>	<u>3,419,622</u>
Total Revenues	<u>3,534,398</u>	<u>3,480,628</u>
Expenses		
Instruction	2,531,673	1,770,828
Supporting Services	2,035,668	1,547,915
Interest on Long Term Debt	<u>82,749</u>	<u>64,315</u>
Total Expenses	<u>4,650,090</u>	<u>3,383,058</u>
Change in Net Position	(1,115,692)	97,570
Net Position – Beginning	<u>1,031,716</u>	<u>934,146</u>
Net Position (Deficit) – Ending	<u>\$ (83,976)</u>	<u>\$1,031,716</u>

Most of the District's costs were financed by District taxpayers.

**Weld County School District RE-10J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Financial Analysis of District's Funds

Even though the fund balance in the General Fund increased, this is not necessarily indicative of the District's net resources available for spending at the end of the fiscal year. In the General Fund budgetary highlights section of this analysis, details regarding the components of the General Fund's fund balance are available.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District's budget for the General Fund anticipated that revenues would exceed expenditures by \$61,184. The actual results for the year show revenues exceeding expenditures by \$271,006.

- Actual revenues were \$264,345 more than anticipated, due to an increase of state share funds during the fiscal year.
- The actual expenditures were \$61,184 under budget.
- The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2017, the District's TABOR reserve amounted to \$91,000.

Capital Assets and Debt Administration

Capital Assets

By the end of the fiscal year 2017, the District had invested \$5,909,514, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, site improvements, vehicles and other equipment (See Table 5). This amount represents a net decrease of \$18,829 from last year. Additional information on the District's capital assets can be found in Note 4 to the financial statements.

**Table 5
Capital Assets (Net of Depreciation)**

	<u>Balance 6/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/17</u>
Governmental Activities:				
Capital Assets, note depreciated:				
Land	\$ 62,593	\$ -	\$ -	\$ 62,593
Capital Assets, being depreciated:				
Building and Improvements	8,058,951	5,000	-	8,063,951
Transportation Equipment	577,492	171,365	-	748,857
Food Service Equipment	68,808	-	-	68,808
Other Equipment	<u>200,055</u>	<u>43,257</u>	<u>38,152</u>	<u>205,160</u>
Total Capital Assets being depreciated	<u>8,905,306</u>	<u>219,622</u>	<u>38,152</u>	<u>9,086,776</u>
Accumulated Depreciation:				
Building and Improvements	(2,425,552)	(175,396)	-	(2,600,948)
Transportation Equipment	(459,416)	(47,126)	-	(506,542)
Food Service Equipment	(49,116)	(4,865)	-	(53,981)
Other Equipment	<u>(105,472)</u>	<u>(11,064)</u>	<u>(38,152)</u>	<u>(78,384)</u>
Total Accumulated Depreciation	<u>(3,039,556)</u>	<u>(238,451)</u>	<u>(38,152)</u>	<u>(3,239,855)</u>
Net Governmental Capital Assets	<u>\$ 5,928,343</u>	<u>\$ (18,829)</u>	<u>\$ -</u>	<u>\$ 5,909,514</u>

**Weld County School District RE-10J
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Long-Term Debt

More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements. During the 2017 fiscal year, the District continued to pay down its debt. Colorado Revised Statute 22-42-04 states that a school district shall have a limited bonded indebtedness determined by a specific formula. The District's outstanding debt is below this limit.

	Balance 7/1/2016	Advances	Payments	Balance 6/30/2017
General obligation bonds, Series 2012	\$ 3,080,000	\$ -	\$ 275,000	\$ 2,805,000
General obligation bonds, Series 2012 Premiums	170,430	-	-	170,430
PERA Net Pension Liability	4,413,830	4,594,931	-	9,008,761
Accrued compensated absences	<u>24,212</u>	-	749	<u>23,463</u>
Total	<u>\$ 7,688,472</u>	<u>\$ 4,594,931</u>	<u>\$ 275,749</u>	<u>\$12,007,654</u>
		Accrued Interest	Interest Paid	Interest Expense
General obligation bonds, Series 2012		<u>\$ 6,746</u>	<u>\$ 78,200</u>	<u>\$ 79,125</u>

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- Every year our District depends on the state formula for the funding we are going to receive for the General Fund and the key factor for the formula is based on enrollment. We are projecting a slow increase in enrollment over the next three years. Our student enrollment will be the stabilizer of finances in our District.
- The District continues to search for grants to provide: additional upgrades of equipment, improve facilities, and educational opportunities.
- The District is experiencing an increase in assessed value, which will provide more opportunities for additional funding to help in capital purchases, retaining and recruiting staff, and completing projects around the campus.
- Our District wants to provide all students with the best possible opportunity to learn. This includes: staff, curriculum, safety, and technology. We recognize the challenges of being a small district with limited resources and living in an outlying area.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Business Services, Weld County School District RE-10J, 515 Leslie Street, Briggsdale, Colorado 80611.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Education
Weld County School District RE-10J
Briggsdale, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the Weld County School District RE-10J, Colorado, as of and for the year ended June 30, 2017, which collectively comprise the basic financial statements of the District, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Weld County School District RE-10J, Colorado, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Weld County School District RE-10J's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M8 and pension schedules on pages 36-37 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 38-40 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. In addition, the combining and individual fund schedules on pages 41-46 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures and Bolded Balance Sheet reports pages 47-50 are presented for state regulatory compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, CO
November 27, 2017

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all government-wide and fund level activity as of June 30, 2017.

WELD COUNTY SCHOOL DISTRICT RE-10J

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS	
Assets	
Cash and Investments	\$ 2,141,681
Cash with Fiscal Agent	15,442
Taxes Receivable	35,232
Internal Balances	15,019
Grants Receivable	18,996
Other Accounts Receivable	12,432
Inventory	6,589
Prepaid Expenses	12,950
Deferred Charge on Refunding	206,280
Capital Assets, not being depreciated	62,593
Capital Assets, being depreciated	5,846,921
Total Assets	<u>8,374,135</u>
Deferred Outflows of Financial Resources	
Contributions Subsequent to Measurement Date	129,218
Difference Between Actual and Expected Experience - net	112,623
Difference Between Projected and Actual Returns on Pension Plan Investments - net	301,235
Change in Pension Plan Assumptions - net	2,923,156
Change in District Proportionate Share of Net Pension Liability - net	284,693
Total Deferred Outflows of Financial Resources	<u>3,750,925</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 12,125,060</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 3,486
Accrued Interest	6,288
Accrued Salaries & Benefits	162,409
Payroll Taxes & Deductions Payable	11
Non-Current Liabilities	
Due Within One Year	280,000
Due In More Than One Year	11,712,437
Total Liabilities	<u>12,164,631</u>
Deferred Inflows of Financial Resources	
Difference Between Projected and Actual Pension Plan Experience - net	80
Changes of Pension Plan Assumptions - net	40,625
Deferred Revenue	1,478
Deferred Grant Revenue	2,222
Total Deferred Inflows of Financial Resources	<u>44,405</u>
Net Position	
Net Investment in Capital Assets	3,104,514
Restricted Net Position	628,795
Unrestricted Net Position	(3,817,285)
Total Net Position	<u>(83,976)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSTION	<u>\$ 12,125,060</u>

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

WELD COUNTY SCHOOL DISTRICT RE-10J
Statement of Activities
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating Grants</u> <u>and Contributions</u>	<u>Revenue and</u> <u>Change in Net</u> <u>Position</u>
Primary Government				
Governmental Activities				
Instruction	\$ 2,531,673	\$ -	\$ 111,579	\$ (2,420,094)
Supporting Services	2,035,668	45,885	89,213	(1,900,570)
Interest on Long Term Debt	82,749	-	-	(82,749)
Total Primary Government	<u>\$ 4,650,090</u>	<u>\$ 45,885</u>	<u>\$ 200,792</u>	<u>(4,403,413)</u>
General Revenues				
Property Taxes				2,454,159
Specific Ownership Taxes				193,343
State Equalization				547,358
Investment Earnings				3,370
Other Revenues				89,491
Total General Revenues and Transfers				<u>3,287,721</u>
Change in Net Position				<u>(1,115,692)</u>
Beginning Net Position				<u>1,031,716</u>
Ending Net Position				<u>\$ (83,976)</u>

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

WELD COUNTY SCHOOL DISTRICT RE-10J

Balance Sheet

Governmental Funds

June 30, 2017

	Debt Service			Totals	
	General Fund	Bond Redemption Fund	Other Governmental Funds	2017	2016
ASSETS					
Cash and Investments	\$ 1,624,674	\$ 510,344	\$ 6,663	\$ 2,141,681	\$ 1,907,731
Cash with Fiscal Agent	15,442	-	-	15,442	15,561
Taxes Receivable	33,115	2,117	-	35,232	7,431
Interfund Accounts Receivable	66,794	-	50,000	116,794	58,289
Grants Receivable	18,996	-	-	18,996	9,764
Other Accounts Receivable	8,956	-	3,476	12,432	-
Inventory	-	-	6,589	6,589	6,571
Prepaid Expenses	12,950	-	-	12,950	-
TOTAL ASSETS	\$ 1,780,927	\$ 512,461	\$ 66,728	\$ 2,360,116	\$ 2,005,347
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities					
Interfund Accounts Payable	\$ 50,000	\$ -	\$ 51,775	\$ 101,775	\$ 36,115
Accounts Payable	3,486	-	-	3,486	7,332
Accrued Salaries & Benefits	160,084	-	2,325	162,409	133,767
Payroll Taxes & Deductions Payable	-	-	11	11	-
Total Liabilities	213,570	-	54,111	267,681	177,214
Deferred Inflows of Financial Resources					
Deferred Revenue	-	-	1,478	1,478	-
Deferred Grant Revenue	2,222	-	-	2,222	-
Total Deferred Inflows of Financial Resources	2,222	-	1,478	3,700	-
Fund Balance					
Nonspendable Fund Balance	-	-	6,588	6,588	6,571
Restricted Fund Balance					
Restricted for Debt Service	-	512,461	-	512,461	499,978
Restricted for TABOR Emergencies	91,000	-	-	91,000	91,000
Restricted for Colorado Preschool Program	25,334	-	-	25,334	25,334
Committed Fund Balance					
Committed for Fund Purpose	-	-	4,551	4,551	-
Unassigned Fund Balance	1,448,801	-	-	1,448,801	1,205,250
Total Fund Balance	1,565,135	512,461	11,139	2,088,735	1,828,133
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 1,780,927	\$ 512,461	\$ 66,728	\$ 2,360,116	\$ 2,005,347

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

WELD COUNTY SCHOOL DISTRICT RE-10J
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2017

Fund Balance - Governmental Funds		\$ 2,088,735
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	62,593	
Capital assets, being depreciated	9,086,776	
Accumulated depreciation	<u>(3,239,855)</u>	5,909,514
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Contributions subsequent to measurement date	129,218	
Difference between actual and expected experience (outflow)	189,145	
Amortization of experience difference (outflow)	(76,522)	
Difference between projected and actual investment returns on the pension plan	536,344	
Amortization of the investment return difference (outflow)	(235,109)	
Change in assumptions (outflow)	4,106,619	
Amortization of the investment return difference (outflow)	(1,183,463)	
Net pension liability	(9,008,761)	
Difference between projected and actual pension plan experience (inflow)	(420)	
Amortization of pension plan experience difference (inflow)	340	
Changes of assumptions (inflow)	(90,168)	
Amortization of change in assumptions (inflow)	49,543	
Change in District proportionate share of the net pension liability (outflow)	574,300	
Amortization of the change in proportion (outflow)	<u>(289,607)</u>	(5,298,541)
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Charge on refunding - net of amortization	206,280	
Bond premiums	<u>(155,213)</u>	51,067
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(2,805,000)	
Accrued interest payable	(6,288)	
Accrued compensated absences	<u>(23,463)</u>	<u>(2,834,751)</u>
Total Net Position - Governmental Activities		\$ <u>(83,976)</u>

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

WELD COUNTY SCHOOL DISTRICT RE-10J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2017

	Debt Service			Totals	
	General Fund	Bond Redemption Fund	Other Governmental Funds	2017	2016
REVENUES					
Local Sources	\$ 2,378,892	\$ 365,683	\$ 45,174	\$ 2,789,749	\$ 3,453,537
Intermediate Sources	30,496	-	-	30,496	29,417
State Sources	631,840	-	1,596	633,436	(82,162)
Federal Sources	40,399	-	40,318	80,717	79,836
TOTAL REVENUES	<u>3,081,627</u>	<u>365,683</u>	<u>87,088</u>	<u>3,534,398</u>	<u>3,480,628</u>
EXPENDITURES					
Instruction	1,367,507	-	-	1,367,507	1,442,113
Pupil Support	6,504	-	-	6,504	7,234
Staff Support	23,603	-	-	23,603	27,239
General Administration	493,318	-	-	493,318	462,197
Business Services	41,527	-	-	41,527	40,079
Operations and Maintenance	616,444	-	-	616,444	605,964
Transportation	250,386	-	-	250,386	109,661
Other Central Support	11,332	-	-	11,332	7,958
Food Service	-	-	109,975	109,975	114,708
Debt Service	-	353,200	-	353,200	445,443
TOTAL EXPENDITURES	<u>2,810,621</u>	<u>353,200</u>	<u>109,975</u>	<u>3,273,796</u>	<u>3,262,596</u>
Transfer In (Out) - net	(50,000)	-	50,000	-	-
CHANGE IN FUND BALANCE	<u>221,006</u>	<u>12,483</u>	<u>27,113</u>	<u>260,602</u>	<u>218,032</u>
BEGINNING FUND BALANCE	<u>1,344,129</u>	<u>499,978</u>	<u>(15,974)</u>	<u>1,828,133</u>	<u>1,610,101</u>
ENDING FUND BALANCE	<u>\$ 1,565,135</u>	<u>\$ 512,461</u>	<u>\$ 11,139</u>	<u>\$ 2,088,735</u>	<u>\$ 1,828,133</u>

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

WELD COUNTY SCHOOL DISTRICT RE-10J
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2017

Change in Fund Balance - Governmental Funds	\$	260,602	
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases		219,622	
Depreciation Expense		<u>(238,451)</u>	(18,829)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
Change in contributions subsequent to the measurement date		5,128	
Change in the difference between actual and expected experience		108,782	
Change in the amortization of experience difference		(54,444)	
Current year projected to actual investment return difference		39,110	
Current year amortization of overall investment return differences		(113,175)	
Current year change in assumptions		4,106,619	
Current year amortization of change in assumptions		(1,183,463)	
Change in net pension liability		(4,594,931)	
Current year projected to actual pension plan experience difference		(20)	
Current year amortization of overall experience differences		124	
Change in the changes of assumptions		(4,166)	
Change in the amortization of change in assumptions		25,916	
Current year change in proportionate share of cost-sharing plan liability		195,834	
Current year amortization of overall proportionate share differences		<u>(159,980)</u>	(1,628,666)
Certain long-term assets are not available to pay for current year expenditures and are therefore deferred in the funds			
Change in refunding			(20,224)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on bonds payable		275,000	
Change in accrued interest payable		458	
Amortization of costs, premiums and discounts		15,217	
Change in accrued compensated absences		<u>750</u>	<u>291,425</u>
Change in Net Position - Governmental Activities	\$		<u>(1,115,692)</u>

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

WELD COUNTY SCHOOL DISTRICT RE-10J
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Scholarship Agency Fund	Pupil Activity Agency Fund	Totals	
			2017	2016
ASSETS				
Cash and Investments	\$ 27,101	\$ 59,626	\$ 86,727	\$ 72,953
LIABILITIES				
Interfund Accounts Payable	\$ -	\$ 15,019	\$ 15,019	22,174
Accounts Payable	-	130	130	300
TOTAL LIABILITIES	-	15,149	15,149	22,474
NET POSITION				
Restricted Net Position	27,101	44,477	71,578	50,479
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,101	\$ 59,626	\$ 86,727	\$ 72,953

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

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Weld County School District RE-10J (the District) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the District's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity" and as subsequently amended,

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

Jointly Governed Organizations

The District is a participant among other surrounding districts in a jointly governed organization to operate the Centennial Board of Cooperative Educational Services (BOCES). The BOCES was formed for the purpose of administrative functions among member districts for special education and federal grants. The BOCES is governed by a board of directors consisting of a member of the board of education and the superintendent from each of the participating members. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. The District paid total assessments of \$99,828 to the BOCES for the fiscal year. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 2020 Clubhouse Drive #230, Greeley, CO 80634.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The fiduciary funds are presented separately.

The District reports the following major governmental funds:

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

Debt Service (Bond Redemption) – This fund is used to account for the repayment of the District's general obligation indebtedness.

In addition, the District reports the following nonmajor governmental fund:

Special Revenue (Food Service) Funds – These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes.

The District reports the following fiduciary funds:

Agency Funds (Pupil Activity and Scholarship Funds) – These funds are used to account for the money held in trust by the District for student organizations and for scholarships. These funds are custodial and do not measure the results of operations.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available as allowed by the per pupil operating revenue formula approved by the State legislature or within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Budgets may be revised until January 31st of the budget year.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted and amended by the Board of Education.
- Encumbrance accounting is not utilized.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories – Inventory of the proprietary fund is valued at the lower of cost (first-in, first-out) or market.

Due To and Due From Other Funds – Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These balances are eliminated at the activity level.

Capital Assets – Capital assets used in governmental activities operations are shown on the government-wide financial statements. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the disbursement and capitalized at cost in the government-wide presentation. No depreciation has been provided on capital assets in the governmental funds.

Property and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation has been provided over the estimated useful lives of the asset in the government-wide presentation as well as in the proprietary fund. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Site Improvements	10-50 years
Furniture and Other Equipment	5-15 years
Vehicles	8 years

Taxes Receivable – Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses, pursuant to the Colorado school district funding formula. As 2016 property taxes were both measurable and available at June 30, 2017, the District has recognized a receivable (net of uncollectible portion) for property taxes levied January 1, 2017 but not collected by June 30, 2017.

Accumulated unpaid sick and vacation and other pay are serviced from other revenues in the General Fund. These liabilities are only recorded on the government-wide financial statements as they are not expected to be financed from current resources. At June 30, 2017, the District has recorded accrued leave as disclosed in Note 6.

Long-Term Debt – The District’s general obligation bonds are accounted for in the Bond Redemption Fund. Principal repayments are shown as expenditures in the fund level financial statements. The District’s capital leases are paid through the General Fund and are shown as expenditures in that fund. For the government-wide presentation, principal payments are reclassified as reductions in the outstanding obligation balances.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element 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. The government has several items that qualify for reporting in this category, all related to outstanding pension obligations and further described in Note 7.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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 reports deferred inflows related to pension liabilities as further described in Note 7.

Net Position/Fund Balances In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All other remaining governmental balances are reported as unassigned.

Net Position/ Fund Balance and Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures/Expenses

Revenues and Expenditures/Expenses – Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Property Tax Revenues – Property taxes are levied on December 15 based on the assessed value of property as certified by the county assessor on August 17. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2: CASH AND INVESTMENTS

A reconciliation of the cash components on the balance sheet to the cash categories in this footnote are as follows:

Deposits	\$ 1,716,716
Investments	510,344
Cash on Hand	1,349
Total Cash and Investments	<u>\$ 2,228,409</u>
Governmental Activities	\$ 2,141,681
Fiduciary	86,728
Total Cash and Investments	<u>\$ 2,228,409</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk - Deposits(Continued)

Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered 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, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in District's name)	1,546,984	1,466,716
Cash on Hand	-	1,349
Total Deposits	<u>\$ 1,796,984</u>	<u>\$ 1,718,065</u>

Investments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2017 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Weighted Average Maturity</u>
Local Govt Invest Pool - Unrestricted	\$ -	\$ 510,344	\$ -	\$ 510,344	-

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- **Investment Pools:** Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS(Continued)

Investments(Continued)

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above. For the fiscal year ended June 30, 2017, the District did not have any investments requiring disclosure. During the year ended June 30, 2016, the District invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS(Continued)

Investments(Continued)

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

For an investment, custodial credit risk 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. As of June 30, 2017, the District did not have any investments requiring safekeeping.

NOTE 3: INVENTORIES

Food Service Fund inventory of \$6,588 as of June 30, 2017, consisted of \$3,295 of purchased food and \$3,293 of donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

WELD COUNTY SCHOOL DISTRICT RE-10J

**NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 4: CAPITAL ASSETS

Activity for capital assets is summarized below:

	<u>Balance 6/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/17</u>
<u>Governmental Activities:</u>				
Capital Assets, not being depreciated:				
Land	\$ 62,593	\$ -	\$ -	\$ 62,593
Capital Assets, being depreciated:				
Buildings and Improvements	8,058,951	5,000	-	8,063,951
Transportation Equipment	577,492	171,365	-	748,857
Food Service Equipment	68,808	-	-	68,808
Other Equipment	200,055	43,257	38,152	205,160
Total Capital Assets being depreciated	<u>8,905,306</u>	<u>219,622</u>	<u>38,152</u>	<u>9,086,776</u>
Accumulated Depreciation:				
Buildings and Improvements	(2,425,552)	(175,396)	-	(2,600,948)
Transportation Equipment	(459,416)	(47,126)	-	(506,542)
Food Service Equipment	(49,116)	(4,865)	-	(53,981)
Other Equipment	(105,472)	(11,064)	(38,152)	(78,384)
Total Accum. Depreciation	<u>(3,039,556)</u>	<u>(238,451)</u>	<u>(38,152)</u>	<u>(3,239,855)</u>
Net Governmental Capital Assets	<u>\$ 5,928,343</u>	<u>\$ (18,829)</u>	<u>\$ -</u>	<u>\$ 5,909,514</u>
Instruction		\$ 111,650		
Support Services		<u>126,801</u>		
Governmental Depreciation Allocation		<u>\$ 238,451</u>		

The District capitalizes assets with an original value of at least \$5,000 and a useful life in excess of one year. Depreciation is computed on a straight-line basis over the expected use life of the underlying asset.

WELD COUNTY SCHOOL DISTRICT RE-10J

**NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement 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, as of June 30, 2017 is reflected as a liability in the respective funds in the accompanying financial statements as follows:

General Fund	\$ 160,084
Food Service Fund	<u>2,325</u>
Total Accrued Salaries and Benefits	<u>\$ 162,409</u>

NOTE 6: LONG-TERM DEBT

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2017:

	<u>Balance</u> <u>7/1/16</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/17</u>	<u>Current</u> <u>Portion</u>
General obligation bonds, Series 2012	\$ 3,080,000	\$ -	\$ 275,000	\$ 2,805,000	\$ 280,000
General obligation bonds, Series 2012 Premiums	170,430	-	-	170,430	-
PERA Net Pension Liability	4,413,830	4,594,931	-	9,008,761	-
Accrued compensated absences	<u>24,212</u>	<u>-</u>	<u>749</u>	<u>23,463</u>	<u>-</u>
Total	<u>\$ 7,688,472</u>	<u>\$ 4,594,931</u>	<u>\$ 275,749</u>	<u>\$ 12,007,654</u>	<u>\$ 280,000</u>

An interest summary of the District's long-term debt is as follows:

	<u>Accrued</u> <u>Interest</u>	<u>Interest</u> <u>Paid</u>	<u>Interest</u> <u>Expense</u>
General obligation bonds, Series 2012	<u>\$ 6,746</u>	<u>\$ 78,200</u>	<u>\$ 79,125</u>

General Obligation Bonds

In 2012, the District issued \$3,760,000 of general obligation bonds for an advanced refunding of \$3,530,000 on the 2005 issued bonds. Principal is due annually on December 1, and interest at rates from 2.0% to 3.0% is due semiannually on June 1 and December 1. The bonds were sold at a premium of \$208,058 with associated issuance costs of \$98,513. Payments are made through the Bond Redemption Fund of the District. Bond payments, to maturity, are as follows:

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS June 30, 2017

NOTE 6: LONG-TERM DEBT(Continued)

General Obligation Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 280,000	\$ 72,650	\$ 352,650
2019	290,000	66,225	356,225
2020	290,000	58,975	348,975
2021	300,000	51,600	351,600
2022-2026	<u>1,645,000</u>	<u>126,225</u>	<u>1,771,225</u>
Total	<u>\$ 2,805,000</u>	<u>\$ 375,675</u>	<u>\$ 3,180,675</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

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 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

WELD COUNTY SCHOOL DISTRICT RE-10J

**NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

January 1st through December 31st	2014¹	2015¹	2016¹
Employer contribution rate	10.15%	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%
Amount apportioned to the SCHDTF	9.13%	9.13%	9.13%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	3.80%	4.20%	4.50%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	3.50%	4.00%	4.50%
Total employer contribution rate to the SCHDTF	16.43%	17.33%	18.13%

¹ Rates 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 District were \$246,206 for the plan year ended December 31, 2016 and \$251,333 for the fiscal 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 \$7,900,426 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 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 .0303%, which was an increase of .0043% from its proportion measured as of December 31, 2015.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2017 the District recognized pension expense of \$1,719,727. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 112,624	\$ (78)
Changes of assumptions or other inputs	\$ 2,923,155	\$ (40,626)
Net difference between projected and actual earnings on pension plan	\$ 301,234	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ 284,693
Contributions subsequent to the measurement date	\$ 129,218	\$ -
Total	\$ 3,466,231	\$ 243,989

\$129,218 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:	Fiscal Year Totals
2018	\$ (1,471,413)
2019	(1,425,931)
2020	(680,654)
2021	(3,004)
Total	\$ (3,581,002)

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions. The total pension liability as of December 31, 2016 actuarial valuation was determined based on the December 31, 2015 actuarial valuation using the following rollforward assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-9.70%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	5.26%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1//07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

The actuarial assumptions used in the December 31, 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.

The SCHDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

As of the most recent analysis of the long-term expected rate of return, adopted by the PERA Board on November 18, 2016, 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%	

* 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 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions described 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 16, 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 3.5%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce estimated amount to total service costs for future plan members.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- 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 percent, at which point, the AED and SAED will each drop 0.50 percent 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 on 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 increase financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the GASB Statement No. 67 projections test indicates that the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond 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 or after 2014 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%.

As of the prior measurement date, the GASB Statement No. 67 projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate and the discount rate was 7.50 percent.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 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 asset (liability)	\$ (5,721,614)	\$ (4,413,830)	\$ (3,325,998)

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 8: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2017 program members contributed \$11,613.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

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

Funding Policy – The District is required to contribute at a rate of 1.02% 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 \$13,945, \$10,552 and \$12,021, respectively, equal to their required contributions for each year.

NOTE 10: RISK MANAGEMENT

Property and Liability Coverage

The District belongs to the Colorado School District Self Insurance Pool ("CSDSIP") that was formed in 1981 to give individual school districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by CSDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. CSDSIP became self-administered in 1997. The board of directors is comprised of nine persons who are district school board members, superintendents, or district business officials. Each member's premium contribution is determined by CSDSIP based on factors including, but not limited to, the aggregate CSDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income and reinsurance expense and profit sharing.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 10: RISK MANAGEMENT (Continued)

Reporting to the Division of Insurance, as well as an audit and actuarial study is conducted annually. These reports may be obtained by contacting the CSDSIP administrative offices at 6857 South Spruce Street, Centennial, CO 80112. The District has not materially changed its coverage from previous years. The District has not recorded any liability for unpaid claims at June 30, 2017.

CSDSIP has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. The ultimate liability to the District resulting from claims not covered by the pool is not recently determinable. Management is of the opinion that the final outcome of such claims, of any, will not have a material adverse effect on the District's financial statements.

Workers Compensation

The District carries commercial insurance for worker's compensation coverage. Risk of loss transfers to the carrier.

Health Insurance

The District partially self-insured for employee health coverage in prior years. All potential claims from that coverage have now been settled. The District currently carries commercial insurance for employee health coverage with risk of loss transferred to the carrier.

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units and are subject to the various rules and regulations of the grantor agencies. Expenditures financed by grants are subject to audit and adjustment by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

WELD COUNTY SCHOOL DISTRICT RE-10J

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 11: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES(Continued)

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the TABOR Amendment. In the November 1996 election, the District's electorate allowed the District to collect, retain and expand all revenues collected, notwithstanding the limits of the Amendment. The TABOR Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has recorded a \$91,000 reserve in the General Fund to fully fund its 3% emergency reserve required by TABOR.

The District has also committed and assigned various year end equity balances for the underlying funds purpose as noted in the financial statements.

NOTE 12: DEFICIT NET POSITION

The Governmental Activities has a deficit unrestricted net position of \$3,817,285 and an overall net position deficit of \$83,976, primarily due to the adding the PERA net pension liability of \$9,008,761 and related deferred inflows and outflows as further described in Note 7. As the District has no control over pension benefits or contribution rates, we expect this deficit to continue going forward.

NOTE 13: BUDGET VIOLATION

The District's expenditures exceeded appropriations in the Pupil Activity Fund by \$32,833. This may be a violation of state statute.

INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

Pension Schedules (Unaudited)

WELD COUNTY SCHOOL DISTRICT RE-10J

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
District's proportion of the net pension asset (liability)	0.030257%	0.028859%	0.026730%	0.025974%
District's proportionate share of the net pension asset (liability)	\$ (9,008,761)	\$ (4,413,830)	\$ (3,622,834)	\$ (3,312,917)
District's covered-employee payroll	\$ 1,358,001	\$ 1,257,683	\$ 1,119,802	\$ 1,047,076
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	43.13%	59.16%	62.84%	64.07%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

WELD COUNTY SCHOOL DISTRICT RE-10J

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/14</u>
Contractually required contributions	\$ 246,206	\$ 217,956	\$ 183,983	\$ 162,611
Actual contributions	<u>(246,206)</u>	<u>(217,956)</u>	<u>(183,983)</u>	<u>(162,611)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,358,001	\$ 1,257,683	\$ 1,119,802	\$ 1,047,076
Contributions as a percentage of covered-employee payroll	18.13%	17.33%	16.43%	15.53%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

BUDGETARY COMPARISON SCHEDULES

(Required Supplementary Information)

WELD COUNTY SCHOOL DISTRICT RE-10J
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017					2016 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget		
REVENUES						
Local Sources						
Property Taxes	\$ 1,874,584	\$ 1,973,255	\$ 2,093,131	\$ 119,876	\$ 2,790,228	
Specific Ownership Taxes	140,147	138,434	193,343	54,909	184,549	
Delinquent Taxes	43,000	43,000	(1,811)	(44,811)	470	
Other Taxes	497,743	25,000	(25)	(25,025)	1,549	
Investment Earnings	300	300	552	252	671	
Fees	-	-	(24)	(24)	(6,968)	
Donations	-	-	3,500	3,500	1,360	
Local BOCES Passthrough	8,100	8,100	735	(7,365)	-	
Other Local	25,000	25,000	89,490	64,490	72,973	
Total Local Sources	<u>2,588,874</u>	<u>2,213,089</u>	<u>2,378,891</u>	<u>165,802</u>	<u>3,044,832</u>	
Intermediate Sources						
Mineral Leases	-	-	764	764	-	
Forest Service	15,100	29,800	29,732	(68)	28,424	
Other Intermediate Source Revenue	6,750	6,750	-	(6,750)	993	
Total Intermediate Sources	<u>21,850</u>	<u>36,550</u>	<u>30,496</u>	<u>(6,054)</u>	<u>29,417</u>	
State Sources						
State Equalization	-	-	547,358	547,358	-	
Transportation	35,336	29,800	30,009	209	(34,027)	
State Grants from CDE						
State ECEA	-	-	-	-	(35,566)	
State ELPA	-	9,500	991	(8,509)	(410)	
State Gifted and Talented	-	-	-	-	(19,178)	
READ Act Grant	-	-	5,929	5,929	3,624	
Library Grant	-	-	3,353	3,353	3,500	
At Risk	-	-	755	755	738	
Other CDE State Grants	89,731	547,361	-	(547,361)	42,806	
State Grants from Other Agencies						
State Vocational Education	43,990	33,820	41,152	7,332	(46,781)	
State Grants Provided through BOCES	2,000	2,000	2,293	293	1,943	
Total State Sources	<u>171,057</u>	<u>622,481</u>	<u>631,840</u>	<u>9,359</u>	<u>(83,351)</u>	
Federal Sources						
Federal Grants from CDE						
NCLB Title I, Part A - Improving Basic Programs	14,000	13,400	9,873	(3,527)	11,786	
NCLB Title III, Part A - English Language Acquisition	-	-	151	151	99	
NCLB Title II, Part A - Teacher & Principal Training	3,500	3,500	3,403	(97)	3,450	
Other Federal Grants	-	-	-	-	90	
Direct Federal Revenue						
NCLB Title VI, Part B - REAP/Rural Education	18,000	18,500	19,856	1,356	18,665	
Federal Provided through BOCES	-	-	7,116	7,116	10,965	
Total Federal Sources	<u>35,500</u>	<u>35,400</u>	<u>40,399</u>	<u>4,999</u>	<u>45,055</u>	
TOTAL REVENUES	<u>2,817,281</u>	<u>2,907,520</u>	<u>3,081,626</u>	<u>174,106</u>	<u>3,035,953</u>	

(Continued)

See the accompanying Independent Auditors' Report

WELD COUNTY SCHOOL DISTRICT RE-10J
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
EXPENDITURES					
Instruction					
Salaries	884,396	956,480	923,904	32,576	893,739
Benefits	310,059	307,915	267,809	40,106	242,293
PS - Professional	16,225	11,815	15,112	(3,297)	18,007
PS - Other	73,063	71,163	94,766	(23,603)	105,788
Supplies	109,402	92,425	56,798	35,627	172,658
Property	-	-	1,943	(1,943)	-
Other Expenses	6,500	5,000	7,174	(2,174)	9,627
Total Instruction	<u>1,399,645</u>	<u>1,444,798</u>	<u>1,367,506</u>	<u>77,292</u>	<u>1,442,112</u>
Supporting Services					
Pupil Support					
Salaries	38,000	-	666	(666)	431
Benefits	10,610	3,010	2,789	221	64
Supplies	-	-	3,049	(3,049)	6,739
Total Pupil Support	<u>48,610</u>	<u>3,010</u>	<u>6,504</u>	<u>(3,494)</u>	<u>7,234</u>
Staff Support					
Salaries	18,375	13,500	15,980	(2,480)	16,167
Benefits	12,115	2,820	4,270	(1,450)	4,363
Supplies	2,150	5,650	3,353	2,297	6,709
Total Staff Support	<u>32,640</u>	<u>21,970</u>	<u>23,603</u>	<u>(1,633)</u>	<u>27,239</u>
General Administration					
Salaries	314,780	288,530	294,937	(6,407)	257,952
Benefits	82,845	99,700	130,953	(31,253)	117,226
PS - Professional	1,450	1,450	5,264	(3,814)	-
PS - Other	10,600	10,600	12,980	(2,380)	27,987
Supplies	21,200	11,000	16,492	(5,492)	22,541
Other Expenses	30,000	9,000	32,692	(23,692)	36,491
Total General Administration	<u>460,875</u>	<u>420,280</u>	<u>493,318</u>	<u>(73,038)</u>	<u>462,197</u>

(Continued)

See the accompanying Independent Auditors' Report

WELD COUNTY SCHOOL DISTRICT RE-10J
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2017
 (With Comparative Totals for the Year Ended June 30, 2016)

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
(Continued)					
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
PS - Professional	-	500	284	216	5,641
PS - Other	41,224	41,224	41,243	(19)	34,438
Total Business Services	41,224	41,724	41,527	197	40,079
Operations and Maintenance					
Salaries	85,285	79,250	102,029	(22,779)	97,835
Benefits	27,765	28,860	38,978	(10,118)	29,942
PS - Other	309,650	312,050	174,066	137,984	287,494
Supplies	181,000	133,000	154,934	(21,934)	150,040
Property	-	-	225,414	(225,414)	11,120
Other Expenses	1,000	65,000	(78,977)	143,977	29,533
Total Operations and Maintenance	604,700	618,160	616,444	1,716	605,964
Transportation					
Salaries	45,175	42,450	51,423	(8,973)	42,748
Benefits	42,445	26,840	23,114	3,726	19,578
PS - Professional	225	425	575	(150)	590
PS - Property	43,150	10,150	26,807	(16,657)	-
PS - Other	20,650	27,025	28,558	(1,533)	24,003
Supplies	35,750	24,750	25,176	(426)	22,742
Other Expenses	2,000	175,000	94,733	80,267	-
Total Transportation	189,395	306,640	250,386	56,254	109,661
Other Central Support					
PS - Other	11,332	11,332	11,332	-	7,958
Debt Service					
Principal	-	-	-	-	84,493
Interest	-	-	-	-	2,255
Total Debt Service	-	-	-	-	86,748
Contingency	79,000	79,000	-	79,000	-
TOTAL EXPENDITURES	<u>2,867,421</u>	<u>2,946,914</u>	<u>2,810,620</u>	<u>136,294</u>	<u>2,789,192</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(50,140)</u>	<u>(39,394)</u>	<u>271,006</u>	<u>310,400</u>	<u>246,761</u>
OTHER FINANCING SOURCES (USES)					
Transfers	50,000	(25,000)	(50,000)	(25,000)	-
CHANGE IN FUND BALANCE	<u>(140)</u>	<u>(64,394)</u>	<u>221,006</u>	<u>285,400</u>	<u>246,761</u>
BEGINNING FUND BALANCE	<u>1,344,129</u>	<u>1,344,129</u>	<u>1,344,129</u>	<u>-</u>	<u>1,097,368</u>
ENDING FUND BALANCE	<u>\$ 1,343,989</u>	<u>\$ 1,279,735</u>	<u>\$ 1,565,135</u>	<u>\$ 285,400</u>	<u>\$ 1,344,129</u>

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

WELD COUNTY SCHOOL DISTRICT RE-10J
Balance Sheet
Nonmajor Governmental Funds
Food Service Fund
June 30, 2017
(With Comparative Totals for June 30, 2016)

	Totals	
	2017	2016
ASSETS		
Cash and Investments	\$ 6,663	\$ 14,849
Interfund Accounts Receivable	50,000	-
Other Accounts Receivable	3,476	-
Inventory	6,589	6,571
TOTAL ASSETS	<u>\$ 66,728</u>	<u>\$ 21,420</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities		
Interfund Accounts Payable	\$ 51,775	\$ 36,015
Accrued Salaries & Benefits	2,325	1,379
Payroll Taxes & Deductions Payable	11	-
Total Liabilities	<u>54,111</u>	<u>37,394</u>
Deferred Inflows of Financial Resources		
Unearned Revenue	1,478	-
Fund Balance		
Nonspendable Fund Balance	6,588	6,571
Committed for Fund Purposes	4,551	-
Unassigned Fund Balance	-	(22,545)
Total Fund Balance	<u>11,139</u>	<u>(15,974)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 66,728</u>	<u>\$ 21,420</u>

See accompanying Independent Auditors' Report.

WELD COUNTY SCHOOL DISTRICT RE-10J
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Food Service Fund
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	<u>Totals</u>	
	<u>2017</u>	<u>2016</u>
REVENUES		
Local Sources	\$ 45,174	\$ 39,522
State Sources	1,596	1,188
Federal Sources	<u>40,318</u>	<u>34,781</u>
TOTAL REVENUES	87,088	75,491
EXPENDITURES		
Food Service	<u>109,975</u>	<u>114,707</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(22,887)	(39,216)
Transfer In (Out) - net	<u>50,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	27,113	(39,216)
BEGINNING FUND BALANCE	<u>(15,974)</u>	<u>23,242</u>
ENDING FUND BALANCE	<u>\$ 11,139</u>	<u>\$ (15,974)</u>

See accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

SPECIAL REVENUE FUND

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes:

The District reports the following Special Revenue Funds:

Food Service Fund – This fund accounts for the District's food service operations

WELD COUNTY SCHOOL DISTRICT RE-10J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
REVENUES				
Local Sources				
Food Service Revenue	\$ 35,300	\$ 45,174	\$ 9,874	\$ 39,522
State Sources				
State Match - Child Nutrition	220	807	587	724
Smart Start Nutrition	400	248	(152)	163
State K-2 Reduced Lunch	400	541	141	301
Total State Sources	1,020	1,596	576	1,188
Federal Sources				
School Breakfast Program	8,000	5,717	(2,283)	4,929
National School Lunch Program	27,900	34,601	6,701	29,852
Total Federal Sources	35,900	40,318	4,418	34,781
TOTAL REVENUES	72,220	87,088	14,868	75,491
EXPENDITURES				
Food Service				
Salaries	41,000	39,692	1,308	37,365
Benefits	18,100	18,154	(54)	21,159
PS - Other	2,100	2,116	(16)	939
Supplies	1,000	2,585	(1,585)	1,175
Food	56,000	47,410	8,590	51,339
Property	-	18	(18)	-
Depreciation	5,000	-	5,000	-
Other Expenses	-	-	-	2,730
TOTAL EXPENDITURES	123,200	109,975	13,225	114,707
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(50,980)	(22,887)	28,093	(39,216)
OTHER FINANCING SOURCES (USES)				
Transfers	50,000	50,000	-	-
CHANGE IN FUND BALANCE	(980)	27,113	28,093	(39,216)
BEGINNING FUND BALANCE	-	(15,974)	(15,974)	23,242
ENDING FUND BALANCE	\$ (980)	\$ 11,139	\$ 12,119	\$ (15,974)

See accompanying Independent Auditors' Report.

DEBT SERVICE FUND

Debt Service Funds These funds are used to account for the repayment of the District's general obligation indebtedness.

The District has the following debt service fund:

Bond Redemption Fund

WELD COUNTY SCHOOL DISTRICT RE-10J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016	
	Final Budget	Actual		Budget	Actual
REVENUES					
Local Sources					
Property Taxes	\$ 400,000	\$ 362,827	\$ (37,173)	\$ 368,183	
Delinquent Taxes	-	37	37	-	
Investment Earnings	500	2,819	2,319	1,000	
TOTAL REVENUES	<u>400,500</u>	<u>365,683</u>	<u>(34,817)</u>	<u>369,183</u>	
EXPENDITURES					
Supporting Services					
General Administration					
PS - Professional	900	-	900	-	
Debt Service					
Principal	275,000	275,000	-	275,000	
Interest	85,000	78,200	6,800	83,695	
Total Debt Service	360,000	353,200	6,800	358,695	
TOTAL EXPENDITURES	<u>360,900</u>	<u>353,200</u>	<u>7,700</u>	<u>358,695</u>	
CHANGE IN FUND BALANCE	39,600	12,483	(27,117)	10,488	
BEGINNING FUND BALANCE	499,978	499,978	-	489,490	
ENDING FUND BALANCE	<u>\$ 539,578</u>	<u>\$ 512,461</u>	<u>\$ (27,117)</u>	<u>\$ 499,978</u>	

See accompanying Independent Auditors' Report.

FIDUCIARY (AGENCY) FUNDS

Fiduciary (Agency) Funds are used to account for assets held by the District as an agent for individuals, private and student groups. The agency funds are custodial in nature and do not involve measurement of results of operations.

Scholarship Fund

The District has established a scholarship agency fund to account for annual student scholarships given through memorial donations.

Pupil Activity Fund

The District has established an agency fund to account for various student activity groups and contributions from private organizations.

WELD COUNTY SCHOOL DISTRICT RE-10J
Schedule of Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Scholarship Agency Fund
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
ADDITIONS				
Local Sources	\$ -	\$ 93	\$ 93	\$ 77
DEDUCTIONS				
Other Supporting Services	2,000	2,000	-	2,000
CHANGE IN NET POSITION	(2,000)	(1,907)	93	(1,923)
BEGINNING NET POSITION	29,008	29,008	-	30,931
ENDING NET POSITION	<u>\$ 27,008</u>	<u>\$ 27,101</u>	<u>\$ 93</u>	<u>\$ 29,008</u>

See accompanying Independent Auditors' Report.

WELD COUNTY SCHOOL DISTRICT RE-10J
Schedule of Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Pupil Activity Agency Fund
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
ADDITIONS				
Local Sources	\$ 84,810	\$ 122,239	\$ 37,429	\$ 80,982
DEDUCTIONS				
Instruction	66,400	99,233	(32,833)	86,414
CHANGE IN NET POSITION	18,410	23,006	4,596	(5,432)
BEGINNING NET POSITION	21,471	21,471	-	26,903
ENDING NET POSITION	<u>\$ 39,881</u>	<u>\$ 44,477</u>	<u>\$ 4,596</u>	<u>\$ 21,471</u>

See accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

STATE COMPLIANCE

This report includes information required by the Colorado Department of Education.



Colorado Department of Education
Auditors Integrity Report
 District: 3146 - BRIGGS DALE RE-10
 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	1,447,656		3,031,626		2,810,620		1,668,662
18 Risk Mgmt Sub-Fund of General Fund	-103,527		0		0		-103,527
19 Colorado Preschool Program Fund	0		0		0		0
Sub- Total	1,344,129		3,031,626		2,810,620		1,565,135
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	-15,974		137,087		109,975		11,139
22 Govt Designated-Purpose Grants Fund	0		0		0		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	499,978		365,683		353,200		512,461
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	1,828,133		3,534,396		3,273,795		2,088,735
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	29,008		93		2,000		27,101
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	21,470		122,240		99,233		44,477
79 GASB 34:Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	50,478		122,333		101,233		71,578

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 3146 - BRIGGS DALE RE-10

Fiscal Year 2016-17

Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary			Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45,47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85		
Cash and Investments (8100-8104,8111)	1,624,674	0	0	0	0	6,663	510,344	0	0	0	0	86,728	0	2,228,409		
Cash with Fiscal Agent (8105)	15,442	0	0	0	0	0	0	0	0	0	0	0	0	15,442		
Taxes Receivable (8121,8122)	33,115	0	0	0	0	0	2,117	0	0	0	0	0	0	35,232		
Interfund Loans Receivable (8131,8132)	66,794	0	0	0	0	50,000	0	0	0	0	0	0	0	116,794		
Grants Accounts Receivable (8142)	18,996	0	0	0	0	0	0	0	0	0	0	0	0	18,996		
Other Receivables (8151-8154,8161)	8,957	0	0	0	0	3,476	0	0	0	0	0	0	0	12,433		
Inventories (8171,8172,8173)	0	0	0	0	0	6,588	0	0	0	0	0	0	0	6,588		
Prepaid Expenses 8181,8182)	12,950	0	0	0	0	0	0	0	0	0	0	0	0	12,950		
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total Assets	1,780,927	0	0	0	0	66,727	512,461	0	0	0	0	86,728	0	2,446,843		

See accompanying Independent Auditor's Report.

Governmental

Proprietary

Fiduciary

FUND EQUITY	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	6,588	0	0	0	0	0	0	0	0	6,588
Restricted Fund Balance 6720	0	0	0	0	0	0	512,461	0	0	0	0	0	0	0	512,461
TABOR 3% Emergency Reserve 6721	91,000	0	0	0	0	0	0	0	0	0	0	0	0	0	91,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	25,334	0	0	0	0	0	0	0	0	0	0	0	0	0	25,334
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	4,551	0	0	0	0	0	0	0	0	4,551
Assigned Fund Balance 6760	0	0	0	0	0	0	0	0	0	0	0	0	27,101	0	27,101
Unassigned Fund Balance 6770	1,448,801	0	0	0	0	0	0	0	0	0	0	0	44,477	0	1,493,278
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	1,565,135	0	0	0	0	11,139	512,461	0	0	0	0	0	71,578	0	2,160,313

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	1,780,927	0	0	0	0	66,727	512,461	0	0	0	0	0	86,728	0	2,446,843

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk related activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

See accompanying Independent Auditor's Report.