

**WELDON VALLEY SCHOOL DISTRICT RE-20J
WELDONA, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
June 30, 2018**

**WELDON VALLEY SCHOOL DISTRICT RE-20J
WELDONA, COLORADO**

ROSTER OF SCHOOL OFFICIALS

JUNE 30, 2018

BOARD OF EDUCATION

Zoey Loomis – President

Tiffany Thompson – Vice President

Kathy Wood – Secretary

Chuck Hickson – Treasurer

Levi Arndt – Member

ADMINISTRATION

Robert Patterson – Superintendent

Stacey Garrett – Business Manager

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)

WELDON VALLEY SCHOOL DISTRICT RE-20J MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of Weldon Valley School District RE-20J's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

Financial Highlights - Financial Statements as of June 30, 2018

- The assets of the District exceed its liabilities at the close of June 30, 2018 by \$1,113,721 (net position) as reported in the government wide financial statements.
- The District's outstanding debt from General Obligation Bonds totaled \$442,725
- Program revenues of \$391,516 offset expenses from governmental activities of \$3,218,991 General revenues from property taxes and state equalization amounted to \$2,716,500
- At the close of June 30, 2018, the District reported \$2,460,460 combined fund balances for the Governmental Funds, an increase of \$26,134
- The General Fund ending fund balance was \$2,028,444, an increase of \$93,283 from the prior year.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements comprise of three components: 1) government wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the District's net position changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Both of the government-wide financial statements distinguish functions of the District that are supported by taxes from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the District include the General Fund, Debt Service Fund, Building Fund and Special Revenue Funds. The business-type activities of the District comprises Food Services as of July 1, 2014 the Food Service Fund was moved to Governmental Activities Special Revenues.

The government-wide financial statements can be found on pages 3 - 4 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The District no longer has proprietary funds.

WELDON VALLEY SCHOOL DISTRICT RE-20J MANAGEMENT DISCUSSION AND ANALYSIS

Governmental funds. Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the District's near-term financing requirements. The annual budget is provided on the basis of the governmental fund financial statements.

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

The District maintains five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund because it is considered to be a major fund. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining and individual statements in supplementary schedules with this report.

The District adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Weldon Valley School District No. RE-20J's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic 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.

Other information. The combining and individual fund statements referred to earlier in connection with non-major governmental funds are presented after the notes to the financial statements. A budget comparison is provided for each non-major fund. The additional schedule required as part of the Colorado Public School Finance Act can also be found after the notes to the financial statements.

**WELDON VALLEY SCHOOL DISTRICT RE-20J
MANAGEMENT DISCUSSION AND ANALYSIS**

Government-Wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and other assets are current assets. These assets are available to provide resources for the near-term operations of the District. A good portion of the current assets are the result of the property tax collection process; the District received about 65% of the annual property tax assessment between April and June.

Capital Assets are used in the operations of the District. These assets are land, improvements, buildings, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits and unearned revenues. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal 2018.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$1,113,721 at the close of the most recent fiscal year.

TABLE 1 - CONDENSED STATEMENT OF NET POSITION

| | Governmental Activities | |
|--|--------------------------------|----------------------------|
| | 2018 | 2017 |
| Current Assets | \$ 2,626,359 | \$ 2,550,504 |
| Non Current Assets | 6,780,205 | 6,874,273 |
| Deferred Outflow of Financial resources | <u>3,178,375</u> | <u>3,736,518</u> |
| Total Assets | <u>12,584,939</u> | <u>13,161,295</u> |
| | | |
| Current Liabilities | 163,045 | 113,007 |
| Non Current Liabilities | <u>10,494,437</u> | <u>9,799,644</u> |
| Total Liabilities | <u>10,657,482</u> | <u>9,912,651</u> |
| | | |
| Deferred Inflow s of Financial Resources | <u>813,736</u> | <u>16,594</u> |
| | | |
| Net Investment in Capital Assets | 6,373,683 | 6,404,251 |
| Restricted Net Position | 433,126 | 447,700 |
| Unrestricted Net Position | <u>(5,693,088)</u> | <u>(3,619,901)</u> |
| Total Net Position (Deficit) | <u>\$ 1,113,721</u> | <u>\$ 3,232,050</u> |

The District's reported assets consist of current assets of \$2,626,359 and capital assets of \$6,780,205. The ratio of Current Assets to Current Liabilities of 38.8 to 1 indicates the District's ability to meet current obligations.

**WELDON VALLEY SCHOOL DISTRICT RE-20J
MANAGEMENT DISCUSSION AND ANALYSIS**

Governmental activities. Governmental activities decreased the District's net position in 2018 by \$1,975,584 and in 2017 by \$1,369,319. This does not include the prior period restatement for 2018 beginning balance of (5,685,099) due to the Pera restatement.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,460,460 increase of \$26,134.

TABLE 2 - CONDENSED STATEMENT OF ACTIVITIES

| | Governmental Activities | |
|-----------------------------------|--------------------------------|----------------------------|
| | <u>2018</u> | <u>2017</u> |
| Program Revenues: | | |
| Charges for Services | \$ 155,480 | \$ 169,315 |
| Operating Grants | 234,301 | 193,228 |
| Capital Grants | 1,735 | 3,315 |
| Total Program Revenues | <u>391,516</u> | <u>365,858</u> |
| General Revenues: | | |
| Taxes | 586,084 | 564,428 |
| State Equalization | 2,130,416 | 2,102,017 |
| Investment Income | 21,835 | 12,065 |
| Gain (Loss) on Capital Disposals | (4,436) | - |
| Miscellaneous | 93,576 | 12,045 |
| Total General Revenues | <u>2,827,475</u> | <u>2,690,555</u> |
| Total Revenues | <u>3,218,991</u> | <u>3,056,413</u> |
| Expenses | | |
| Instruction | 2,797,050 | 2,612,174 |
| Supporting Services | 2,160,623 | 1,822,464 |
| Debt Service Interest | 8,967 | 14,097 |
| Total Expenses | <u>4,966,640</u> | <u>4,448,735</u> |
| Change in Net Position | <u>(1,747,649)</u> | <u>(1,392,322)</u> |
| Net Position - Beginning | 3,089,305 | 4,481,627 |
| Prior Period Restatement | (227,935) | - |
| Net Position (As Restated) | <u>2,861,370</u> | <u>4,481,627</u> |
| Net Position - Ending | <u>\$ 1,113,721</u> | <u>\$ 3,089,305</u> |

**WELDON VALLEY SCHOOL DISTRICT RE-20J
MANAGEMENT DISCUSSION AND ANALYSIS**

General Fund Budgetary Highlights

The District is required to adopt a budget by June 30 for the following fiscal year. The Board of Education may make final changes to the previously adopted budget by January 31.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for governmental activities as of June 30, 2018 amounts to 6,780,205 (net of accumulated depreciation). This investment in capital assets includes land, buildings, service vehicles, buses and playground, office, food service and instructional equipment.

| | Balance July 1 2017 | Additions | Deletions | Balance June 30 2018 |
|--|------------------------------------|---------------------|------------------|-------------------------------------|
| Governmental Activities: | | | | |
| Capital Assets not depreciated: | | | | |
| Land and Sites | \$ 2,500 | \$ - | \$ - | \$ 2,500 |
| Construction In Process | - | 41,578 | - | 41,578 |
| Total Capital Assets not depreciated | <u>2,500</u> | <u>41,578</u> | <u>-</u> | <u>44,078</u> |
| Capital Assets being depreciated: | | | | |
| Buildings and Improvements | 8,853,329 | 44,501 | 2,500 | 8,895,330 |
| Transportation Equipment | 590,007 | - | - | 590,007 |
| Food Service Equipment | 81,699 | - | - | 81,699 |
| Equipment | 375,115 | 111,871 | 34,070 | 452,916 |
| Total Capital Assets being depreciated | <u>9,900,150</u> | <u>156,372</u> | <u>36,570</u> | <u>10,019,952</u> |
| Total Capital Assets | <u>9,902,650</u> | <u>156,372</u> | <u>36,570</u> | <u>10,064,030</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (2,249,228) | (224,437) | (2,500) | (2,471,165) |
| Transportation Equipment | (418,547) | (31,672) | - | (450,219) |
| Food Service Equipment | (53,559) | (5,500) | - | (59,059) |
| Equipment | (307,043) | (25,973) | (29,634) | (303,382) |
| Total Accumulated Depreciation | <u>(3,028,377)</u> | <u>(287,582)</u> | <u>(32,134)</u> | <u>(3,283,825)</u> |
| Net Capital Assets | <u>\$ 6,874,273</u> | <u>\$ (131,210)</u> | <u>\$ 68,704</u> | <u>\$ 6,780,205</u> |

As of June 30, 2018, the District had outstanding \$ 10,494,436 long term obligations.

| | Balance As Restated July 1, 2017 | | | Balance June 30, 2018 | Current Portion |
|----------------------------|---|-------------------|------------------|--------------------------------------|----------------------------|
| | Additions | Payments | | | |
| G.O. Bonds - Series 2013 | \$ 465,000 | \$ - | \$ 60,000 | \$ 405,000 | \$ 60,000 |
| Unamortized Premium | 10,147 | - | 4,892 | 5,255 | 5,255 |
| PERA Net Pension Liability | 9,319,475 | 538,080 | - | 9,857,555 | - |
| PERA Net OPEB Liability | 230,676 | - | 5,571 | 225,105 | - |
| Copier Lease | 5,022 | - | 3,501 | 1,521 | 1,521 |
| Total Long-term Debt | <u>\$ 10,030,320</u> | <u>\$ 538,080</u> | <u>\$ 73,964</u> | <u>\$ 10,494,436</u> | <u>\$ 66,776</u> |
| Charge on Refunding | <u>\$ (13,828)</u> | <u>\$ -</u> | <u>\$ 4,609</u> | <u>\$ (4,951)</u> | <u>\$ 4,951</u> |

WELDON VALLEY SCHOOL DISTRICT RE-20J MANAGEMENT DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget

The District will increase salaries by 5 percent for approximately 87,500 cost. The District will be required to spend approximately \$73,000 on technology updates including phone and intercom system. We also anticipate purchase of transportation equipment of \$110,000 and preschool construction of 45,000.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of Morgan County School District RE-20J's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, 911 North Avenue, Weldona, Colorado 80653.

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
Weldon Valley School District RE-20J
Weldona, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Weldon Valley School District RE-20J, Colorado, as of and for the year ended June 30, 2018, and the related notes to the financial statements 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 Weldon Valley School District RE-20J, Colorado, as of June 30, 2018, 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 Weldon Valley School District RE-20J's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning June 30, 2018 fiscal year net position. Our opinion is not modified with respect to this matter.

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-M6 and pension schedules on pages 40-43 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 44-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the combining and individual fund schedules on pages 48-54 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 Integrity and Bolded Balance Sheet reports pages 55-58 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 5, 2018

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, 2018.

WELDON VALLEY SCHOOL DISTRICT RE-20J
Statement of Net Position
June 30, 2018

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | |
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ 2,487,411 |
| Cash with Fiscal Agent | 10,220 |
| Taxes Receivable | 36,972 |
| Grants Receivable | 17,873 |
| Other Accounts Receivable | 963 |
| Inventory | 6,845 |
| Prepaid Expenses | 66,075 |
| Total Current Assets | <u>2,626,359</u> |
| Noncurrent Assets | |
| Capital Assets, not being depreciated | 44,078 |
| Capital Assets, being depreciated | 6,736,127 |
| Total Noncurrent Assets | <u>6,780,205</u> |
| TOTAL ASSETS | <u>9,406,564</u> |
| DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | |
| Deferred Charge on Refunding | 4,951 |
| Net Deferred Pension Outflows | 3,164,849 |
| Net Deferred OPEB Outflows | 8,575 |
| TOTAL DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | <u>3,178,375</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u>\$ 12,584,939</u> |
| LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND FUND BALANCE | |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$ 39,847 |
| Accrued Salaries & Benefits | 123,198 |
| Total Current Liabilities | <u>163,045</u> |
| Noncurrent Liabilities | |
| Due Within One Year | 68,393 |
| Due In More Than One Year | 10,426,044 |
| Total Noncurrent Liabilities | <u>10,494,437</u> |
| TOTAL LIABILITIES | <u>10,657,482</u> |
| DEFERRED INFLOWS OF FINANCIAL RESOURCES | |
| Deferred Inflow of Resources | 2,854 |
| Net Deferred Pension Inflows | 802,016 |
| Net Deferred OPEB Inflows | 8,866 |
| TOTAL DEFERRED INFLOWS OF FINANCIAL RESOURCES | <u>813,736</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 6,373,683 |
| Restricted Net Position | 433,126 |
| Unrestricted Net Position | (5,693,088) |
| Total Net Position | <u>1,113,721</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | <u>\$ 12,584,939</u> |

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

WELDON VALLEY SCHOOL DISTRICT RE-20J
Statement of Activities
For the Year Ended June 30, 2018

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense)</u> |
|---|---------------------|-------------------------|----------------------|-----------------------|---------------------------|
| | | <u>Charges for</u> | <u>Operating</u> | <u>Capital Grants</u> | <u>Revenue and Change</u> |
| | | <u>Services</u> | <u>Grants and</u> | <u>and</u> | <u>Governmental</u> |
| | | | <u>Contributions</u> | <u>Contributions</u> | <u>Activities</u> |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| Instruction | \$ 2,797,155 | \$ 69,974 | \$ 82,190 | \$ - | \$ (2,644,991) |
| Supporting Services | 2,160,618 | 85,506 | 152,111 | 1,735 | (1,921,266) |
| Interest on Long Term Debt | 8,967 | - | - | - | (8,967) |
| Total Primary Government | <u>\$ 4,966,740</u> | <u>\$ 155,480</u> | <u>\$ 234,301</u> | <u>\$ 1,735</u> | <u>(4,575,224)</u> |
| General Revenues | | | | | |
| Property Taxes | | | | | 532,270 |
| Specific Ownership Taxes | | | | | 53,814 |
| State Equalization | | | | | 2,130,416 |
| Investment Earnings | | | | | 21,835 |
| Gain (Loss) on Capital Asset Disposals | | | | | (4,436) |
| Other Revenues | | | | | 93,576 |
| Total General Revenues and Transfers | | | | | <u>2,827,475</u> |
| Change in Net Position | | | | | <u>(1,747,749)</u> |
| Beginning Net Position | | | | | 3,089,305 |
| Prior Period Restatement | | | | | (227,835) |
| Beginning Net Position (As Restated) | | | | | <u>2,861,470</u> |
| Ending Net Position | | | | | <u>\$ 1,113,721</u> |

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

WELDON VALLEY SCHOOL DISTRICT RE-20J
Balance Sheet
Governmental Funds
June 30, 2018
(With Comparative Totals for June 30, 2017)

| | <u>General Fund</u> | <u>Debt Service Bond Redemption Fund</u> | <u>Capital Projects Capital Reserve Project Fund</u> |
|---|---------------------|--|--|
| ASSETS | | | |
| Cash and Investments | \$ 2,211,925 | \$ 172,776 | \$ 2,150 |
| Cash with Fiscal Agent | 9,235 | 985 | - |
| Taxes Receivable | 32,796 | 4,176 | - |
| Grants Receivable | 14,464 | - | - |
| Other Accounts Receivable | - | - | - |
| Inventory | - | - | - |
| Prepaid Expenses | - | 66,075 | - |
| TOTAL ASSETS | <u>\$ 2,268,420</u> | <u>\$ 244,012</u> | <u>\$ 2,150</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | |
| Liabilities | | | |
| Accounts Payable | 26,837 | - | 13,010 |
| Accrued Salaries & Benefits | 117,581 | - | - |
| Total Liabilities | <u>144,418</u> | <u>-</u> | <u>13,010</u> |
| Deferred Inflows of Financial Resources | | | |
| Deferred Inflows | - | 1,002 | - |
| Fund Balance | | | |
| Nonspendable Fund Balance | - | - | - |
| Restricted Fund Balance | | | |
| Restricted for Debt Service | - | 243,010 | - |
| Restricted for TABOR Emergencies | 92,000 | - | - |
| Restricted for Colorado Preschool Program | 98,116 | - | - |
| Committed Fund Balance | | | |
| Committed for Fund Purposes | - | - | - |
| Committed for Insurance Expenditures | - | - | - |
| Assigned Fund Balance | | | |
| Assigned for Fund Activities | - | - | - |
| Unassigned Fund Balance | 1,933,886 | - | (10,860) |
| Total Fund Balance | <u>2,124,002</u> | <u>243,010</u> | <u>(10,860)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | <u>\$ 2,268,420</u> | <u>\$ 244,012</u> | <u>\$ 2,150</u> |

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

| Other Governmental Funds | Totals | |
|--------------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| \$ 100,560 | \$ 2,487,411 | \$ 2,479,824 |
| - | 10,220 | 6,894 |
| - | 36,972 | 35,173 |
| 3,409 | 17,873 | 22,196 |
| 963 | 963 | 369 |
| 6,845 | 6,845 | 6,048 |
| - | 66,075 | - |
| <u>\$ 111,777</u> | <u>\$ 2,626,359</u> | <u>\$ 2,550,504</u> |
| - | 39,847 | 9,191 |
| <u>5,617</u> | <u>123,198</u> | <u>103,816</u> |
| <u>5,617</u> | <u>163,045</u> | <u>113,007</u> |
| <u>1,852</u> | <u>2,854</u> | <u>3,171</u> |
| 6,845 | 6,845 | 6,048 |
| - | 243,010 | 232,483 |
| - | 92,000 | 86,000 |
| - | 98,116 | 129,217 |
| 97,463 | 97,463 | 110,155 |
| - | - | 16,995 |
| - | - | 14,331 |
| - | 1,923,026 | 1,839,097 |
| <u>104,308</u> | <u>2,460,460</u> | <u>2,434,326</u> |
| <u>\$ 111,777</u> | <u>\$ 2,626,359</u> | <u>\$ 2,550,504</u> |

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WELDON VALLEY SCHOOL DISTRICT RE-20J
Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2018

| | | | |
|--|----|--------------------|---------------------|
| Fund Balance - Governmental Funds | | \$ | 2,460,460 |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds | | | |
| Capital assets, not being depreciated | \$ | 44,078 | |
| Capital assets, being depreciated | | 10,019,952 | |
| Accumulated depreciation | | <u>(3,283,825)</u> | 6,780,205 |
| Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds | | | |
| Deferred charge (gain) on refunding | | 4,951 | |
| Bond premiums, net | | <u>(5,255)</u> | (304) |
| Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds | | | |
| Pension Liability | | | |
| Net Pension Deferred Outflows | | 3,164,849 | |
| Net pension liability | | (9,857,555) | |
| Net Pension Deferred Inflows | | <u>(802,016)</u> | (7,494,722) |
| OPEB - Pera Health Care Trust Fund Liability | | | |
| Net OPEB Deferred Outflows | | 8,575 | |
| Net OPEB liability | | (225,105) | |
| Net OPEB Deferred Inflows | | <u>(8,866)</u> | (225,396) |
| Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds | | | |
| Bonds payable | | (405,000) | |
| Capital leases payable | | <u>(1,522)</u> | <u>(406,522)</u> |
| Total Net Position - Governmental Activities | | | <u>\$ 1,113,721</u> |

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

WELDON VALLEY SCHOOL DISTRICT RE-20J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | | <u>Debt Service</u> | <u>Capital Projects</u> |
|--|---------------------|---------------------------------|---|
| | <u>General Fund</u> | <u>Bond Redemption Fund</u> | <u>Capital Reserve Project Fund</u> |
| REVENUES | | | |
| Local Sources | \$ 671,559 | \$ 83,310 | \$ - |
| Intermediate Sources | 1,884 | 267 | - |
| State Sources | 2,274,181 | - | - |
| Federal Sources | 50,054 | - | - |
| TOTAL REVENUES | <u>2,997,678</u> | <u>83,577</u> | <u>-</u> |
| EXPENDITURES | | | |
| Instruction | 1,529,560 | - | - |
| Pupil Support | 67,408 | - | - |
| Staff Support | 111,959 | - | - |
| General Administration | 272,456 | 300 | - |
| School Administration | 182,962 | - | - |
| Business Services | 67,676 | - | - |
| Operations and Maintenance | 405,798 | - | - |
| Transportation | 96,720 | - | - |
| Other Central Support | 2,834 | - | - |
| Risk Management | 4,239 | - | - |
| Food Service | - | - | - |
| Community Support | 28,436 | - | - |
| Facilities | - | - | 134,331 |
| Debt Service | - | 72,750 | - |
| TOTAL EXPENDITURES | <u>2,770,048</u> | <u>73,050</u> | <u>134,331</u> |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | 227,630 | 10,527 | (134,331) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In (Out) - net | (185,000) | - | 120,000 |
| CHANGE IN FUND BALANCE | 42,630 | 10,527 | (14,331) |
| BEGINNING FUND BALANCE | <u>2,081,372</u> | <u>232,483</u> | <u>3,471</u> |
| ENDING FUND BALANCE | <u>\$ 2,124,002</u> | <u>\$ 243,010</u> | <u>\$ (10,860)</u> |

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

| Other Governmental Funds | Totals | |
|--------------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| | | |
| \$ 101,905 | \$ 856,774 | \$ 772,852 |
| - | 2,151 | 3,634 |
| 1,745 | 2,275,926 | 2,186,521 |
| 38,522 | 88,576 | 93,406 |
| <u>142,172</u> | <u>3,223,427</u> | <u>3,056,413</u> |
| 98,660 | 1,628,220 | 1,545,260 |
| - | 67,408 | 85,227 |
| - | 111,959 | 35,766 |
| - | 272,756 | 149,383 |
| - | 182,962 | 172,884 |
| - | 67,676 | 58,980 |
| - | 405,798 | 348,368 |
| - | 96,720 | 115,398 |
| - | 2,834 | 802 |
| - | 4,239 | 3,809 |
| 121,204 | 121,204 | 115,177 |
| - | 28,436 | 27,755 |
| - | 134,331 | 92,709 |
| - | 72,750 | 77,657 |
| <u>219,864</u> | <u>3,197,293</u> | <u>2,829,175</u> |
| (77,692) | 26,134 | 227,238 |
| 65,000 | - | - |
| (12,692) | 26,134 | 227,238 |
| <u>117,000</u> | <u>2,434,326</u> | <u>2,207,088</u> |
| <u>\$ 104,308</u> | <u>\$ 2,460,460</u> | <u>\$ 2,434,326</u> |

WELDON VALLEY SCHOOL DISTRICT RE-20J
Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2018

| | | | |
|---|----|------------------|---------------------------|
| Change in Fund Balance - Governmental Funds | \$ | 26,134 | |
| Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level | | | |
| Capitalized Asset Purchases | \$ | 197,950 | |
| Depreciation Expense | | (287,582) | |
| Gain (Loss) on Asset Disposals | | <u>(4,436)</u> | (94,068) |
| Pension expense at the fund level represent 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. | | | |
| Pension Liability | | | |
| Current year change and amortization of deferred outflows - net | | (562,109) | |
| Change in net pension liability | | (538,080) | |
| Current year change and amortization of deferred inflows - net | | <u>(641,459)</u> | (1,741,648) |
| OPEB Liability | | | |
| Current year change and amortization of deferred outflows - net | | 1,345 | |
| Change in net OPEB liability | | 5,571 | |
| Current year change and amortization of deferred inflows - net | | <u>(8,866)</u> | (1,950) |
| 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 | | 60,000 | |
| Principal payments on capital leases | | 3,500 | |
| Amortization of charge on refundings | | (4,609) | |
| Amortization of premiums and discounts | | <u>4,892</u> | <u>63,783</u> |
| Change in Net Position - Governmental Activities | \$ | | <u><u>(1,747,749)</u></u> |

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

WELDON VALLEY SCHOOL DISTRICT RE-20J
Statement of Fiduciary Net Position
Fiduciary Funds
Cafeteria Agency Fund
June 30, 2018
(With Comparative Totals for June 30, 2017)

| | Totals | |
|-------------------------|-----------------|-----------------|
| | 2018 | 2017 |
| ASSETS | | |
| Cash and Investments | \$ 2,496 | \$ 1,393 |
| NET POSITION | | |
| Restricted Net Position | <u>\$ 2,496</u> | <u>\$ 1,393</u> |

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

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WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Weldon Valley School District RE-20J (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.

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.

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. The effects of interfund activity have been eliminated from the government-wide financial statements.

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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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) Fund – This fund is used to account for the repayment of the District’s general obligation indebtedness.

Special Revenue (Food Service) Fund - This fund accounts for all financial activities associated with the District school lunch program.

The District reports the following nonmajor governmental funds:

Special Revenue Funds (Student Activity 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.

Capital Projects Funds (Capital Reserve Project Fund): These funds are used to account for the completion of major capital projects. The capital reserve activity is funded through elective transfers from the General Fund.

The District also reports the following fiduciary fund:

Agency Fund (Cafeteria Agency Fund) – This fund is used to account for assets held in trust by the District for District employee benefits provided under Internal Revenue Code Section 125. This fund is custodial and does not measure the results of operations.

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.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

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.

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

Cash and Investments - Cash is kept in interest bearing accounts which are comprised of checking accounts and money market accounts which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Investments are recorded at fair value.

Cash and Cash Equivalents - The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Inventory - Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

Capital Assets - Capital assets used in governmental activities operations are shown on the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. These assets are not shown in the governmental funds and are therefore listed as a reconciling item between the two presentations. Property and equipment acquired or constructed for governmental fund operations are recorded as expenditures in the fund making the expenditure 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 | 10-40 years |
| Vehicles | 5-15 years |
| Other Equipment | 15 years |

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Vacation, Sick Leave, and Other Compensated Absences - District employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. Vacation can be carried over upon the superintendent's approval.

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 two items that qualify for reporting in this category, a deferred charge related to bond refinancing and amounts related to outstanding pension obligations and further described in Note 10 and 11.

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 for property taxes as described below, prepaid student ticket balances, and pension related deferrals as further described in Note 10 and 11.

Net Position/Fund Balance - In the government-wide financial statements net position is 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.

Amounts 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, reported 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.

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 remaining governmental balances or deficits in the other governmental funds are presented as unassigned.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balance 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 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.

Property Tax Revenues - Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value. 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.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. Property taxes are recognized as revenue when payable to the County Treasurer in accordance with the State of Colorado's funding formula. Amounts collected beyond 60 days subsequent to the end of the fiscal year are shown as deferred revenues (outflows) in the Bond Redemption and governmental activities. Uncollected property taxes levied in 2017 for collection in 2018 are identified as property taxes receivable at June 30. Taxes collected beyond 60 days after year end were booked as a deferred inflow in the Bond Redemption Fund.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying 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.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2: CASH AND INVESTMENTS

The following is a reconciliation of cash on the statement of net position to the summary of cash and investments shown below:

| | |
|----------------------------|---------------------|
| Cash deposits | \$ 1,094,225 |
| Investments | 1,395,483 |
| Cash on hand | 200 |
| Total Cash and Investments | <u>\$ 2,489,908</u> |

These balances are allocated as follows in the financial statements:

| | |
|----------------------------|---------------------|
| Govt Act - Unrestricted | \$ 2,487,412 |
| Fiduciary | <u>2,496</u> |
| Total Cash and Investments | <u>\$ 2,489,908</u> |

The District has restricted a portion of its cash and investment balances as shown above.

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. 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, 2018, 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.

At June 30, 2018, the District's deposits had bank and carrying values as follows:

| | Bank Balance | Carrying Balance |
|-----------------------|---------------------|---------------------|
| FDIC insured | \$ 598,218 | \$ 598,218 |
| PDPA collateralized * | 540,170 | 496,007 |
| Total deposits | <u>\$ 1,138,388</u> | <u>\$ 1,094,225</u> |

* - Not in District's Name

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

INVESTMENTS

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.

During the year ended June 30, 2018, the District invested funds in Colotrust and CSAFE. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest 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 pools operate 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. These funds are 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.

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, 2018, the District did not have any investments requiring safekeeping.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3: INVENTORIES

Food Service Fund inventory as of June 30, 2018 of \$6,845, consisted of purchased and donated commodities amounting to \$551 and \$5,497, respectively. 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.

NOTE 4: CAPITAL ASSETS

Activity for capital assets which are capitalized by the District is summarized below:

| | Balance July 1 2017 | Additions | Deletions | Balance June 30 2018 |
|--|------------------------------------|---------------------|------------------|-------------------------------------|
| Governmental Activities: | | | | |
| Capital Assets not depreciated: | | | | |
| Land and Sites | \$ 2,500 | \$ - | \$ - | \$ 2,500 |
| Construction In Process | - | 41,578 | - | 41,578 |
| Total Capital Assets not depreciated | <u>2,500</u> | <u>41,578</u> | <u>-</u> | <u>44,078</u> |
| Capital Assets being depreciated: | | | | |
| Buildings and Improvements | 8,853,329 | 44,501 | 2,500 | 8,895,330 |
| Transportation Equipment | 590,007 | - | - | 590,007 |
| Food Service Equipment | 81,699 | - | - | 81,699 |
| Equipment | 375,115 | 111,871 | 34,070 | 452,916 |
| Total Capital Assets being depreciated | <u>9,900,150</u> | <u>156,372</u> | <u>36,570</u> | <u>10,019,952</u> |
| Total Capital Assets | <u>9,902,650</u> | <u>156,372</u> | <u>36,570</u> | <u>10,064,030</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (2,249,228) | (224,437) | (2,500) | (2,471,165) |
| Transportation Equipment | (418,547) | (31,672) | - | (450,219) |
| Food Service Equipment | (53,559) | (5,500) | - | (59,059) |
| Equipment | (307,043) | (25,973) | (29,634) | (303,382) |
| Total Accumulated Depreciation | <u>(3,028,377)</u> | <u>(287,582)</u> | <u>(32,134)</u> | <u>(3,283,825)</u> |
| Net Capital Assets | <u>\$ 6,874,273</u> | <u>\$ (131,210)</u> | <u>\$ 68,704</u> | <u>\$ 6,780,205</u> |

Depreciation has been allocated to the governmental activities as follows for the statement of activities:

| | |
|---------------------------|-------------------|
| Instruction | \$ 149,857 |
| Supporting Services | 137,725 |
| Total Depreciation | <u>\$ 287,582</u> |

The District is required under GASB Statement No. 34, to compute depreciation on all of its capital assets and to record that depreciation on its government-wide financial statements. For the year ended June 30, 2018, depreciation has been charged to governmental activities on the government-wide financial statements. Depreciation is not charged to governmental funds and is accordingly shown as a reconciliation item between the governmental fund and governmental activities presentations. The District does not record infrastructure. All infrastructure type assets have been included as part of the value of the related asset.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018, are as follows:

| | |
|-------------------|-------------------|
| General Fund | \$ 117,581 |
| Food Service Fund | <u>5,617</u> |
| Total | <u>\$ 123,198</u> |

NOTE 6: LONG-TERM DEBT

The District's long-term debt transactions for the year ended June 30, 2018, were as follows:

| | Balance As Restated | | | Balance | | |
|----------------------------|--------------------------------|-------------------|------------------|--------------------------|----------------------------|-----------------------------|
| | July 1, 2017 | Additions | Payments | June 30, 2018 | Current Portion | Interest Expense |
| G.O. Bonds - Series 2013 | \$ 465,000 | \$ - | \$ 60,000 | \$ 405,000 | \$ 60,000 | \$ 12,500 |
| Unamortized Premium | 10,147 | - | 4,892 | 5,255 | 5,255 | - |
| PERA Net Pension Liability | 9,319,475 | 538,080 | - | 9,857,555 | - | - |
| PERA Net OPEB Liability | 230,676 | - | 5,571 | 225,105 | - | - |
| Copier Lease | 5,022 | - | 3,501 | 1,521 | 1,521 | 206 |
| Total Long-term Debt | <u>\$ 10,030,320</u> | <u>\$ 538,080</u> | <u>\$ 73,964</u> | <u>\$ 10,494,436</u> | <u>\$ 66,776</u> | <u>\$ 12,706</u> |
| Charge on Refunding | <u>\$ (13,828)</u> | <u>\$ -</u> | <u>\$ 4,609</u> | <u>\$ (4,951)</u> | <u>\$ 4,951</u> | <u>\$ -</u> |

Capital Lease

In November 2014, the District entered into a capital lease for the purchase of three copiers. The lease provides for 48 payments of \$309 per month beginning December 2014. Interest is at the rate of 6.0% per year. The value of the equipment recorded under this capital lease was \$13,153, which has a book value of \$5,260 as of June 30, 2018. The future minimum payments on the lease are as follows:

| <u>Fiscal Year:</u> | <u>Total</u> |
|---------------------------|-----------------|
| 2019 | \$ 1,545 |
| Interest at 6.0% | <u>(24)</u> |
| Present Value of Payments | <u>\$ 1,521</u> |

2004 General Obligation Bonds

In January, 2004, the District issued \$1,000,000 of general obligation bonds to finance the construction of additions to existing school buildings. The bonds were issued at a premium of \$38,251 with a final maturity of July 1, 2023. The bonds were secured by the District's full faith and credit, and all taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and interest on the bonds.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 6: LONG-TERM DEBT (Continued)

2004 General Obligation Bonds (Continued)

The bonds require annual principal payments each year and semi-annual interest payments. These bonds were refunded upon the issuance of the 2013 bonds described below.

In November 2013, the District issued \$650,000 General Obligation Refunding Bonds to advance refund the outstanding 2004 bonds. The bonds are secured by the District's full faith and credit, and all taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and interest on the bonds. Bond principal payments are due annually on July 1 and interest payments are due semiannually on July 1 and January 1. The bonds bear interest starting at 1% and increase to 3%. These bonds are repaid through the Bond Redemption Fund.

In conjunction with the issuance of the 2004 and 2013 bonds, the District is required to provide an annual report each year; as well as, report certain material events, if they occur, to the national reporting website for bond issuances, EMMA, which is located at emma.msrb.org. For the fiscal year ended June 30, 2018, the District appears to be in compliance with these requirements.

2013 Bond Premiums

Upon the issuance of the 2013 general obligation bonds, the District recognized bond premiums of \$23,554. This premium will be amortized over the life of the bonds through December, 2019. The District recognized a net present value savings of \$38,065 on the refunding.

Annual debt service requirements for the bonds, and premium and charge amortization are as follows:

| <u>Fiscal Year:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Premium Amort.</u> | <u>Charge Amort.</u> |
|---------------------|-------------------|------------------|---------------------------|-----------------------|----------------------|
| 2019 | \$ 60,000 | \$ 11,250 | \$ 71,250 | \$ 5,255 | \$ (4,951) |
| 2020 | 65,000 | 9,375 | 74,375 | - | - |
| 2021 | 65,000 | 7,425 | 72,425 | - | - |
| 2022 | 70,000 | 5,400 | 75,400 | - | - |
| 2023 | 75,000 | 3,225 | 78,225 | - | - |
| 2024 | 70,000 | 1,050 | 71,050 | - | - |
| Totals | <u>\$ 405,000</u> | <u>\$ 37,725</u> | <u>\$ 442,725</u> | <u>\$ 5,255</u> | <u>\$ (4,951)</u> |

NOTE 7: JOINTLY GOVERNED ORGANIZATION

The District is a participant among fifteen 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. During the year ended June 30, 2018, the District received federal and state funds through the BOCES of \$37,137, and paid \$40,097 in assessments. 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. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 2020 Clubhouse Drive, Greeley, CO 80634.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 8: INTERNAL ACTIVITY

Interfund Transfers

Transfers are used to 1) move revenues from the fund that statute or budget requires for collection to the fund that statute or budget requires to expend or, 2) use unrestricted revenues collected in the General Fund in accordance with budgetary authorizations.

During the year ended June 30, 2018, routine transfers were made supporting fund operations as well as for the District's portion of facility improvements. Transfers were as follows:

| | |
|---|--------------------|
| <u>General Fund</u> | |
| Transfer to Student Activity Fund | \$ (20,000) |
| Transfer to Food Service Fund | (45,000) |
| Transfer to Capital Reserve Projects Fund | (120,000) |
| <u>Student Activity Fund</u> | |
| Transfer from General Fund | 20,000 |
| <u>Capital Reserve Projects Fund</u> | |
| Transfer from General Fund | 120,000 |
| <u>Food Service Fund</u> | |
| Transfer from General Fund | 45,000 |
| Net Transfers | <u><u>\$ -</u></u> |

NOTE 9: RISK MANAGEMENT

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

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. 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, 2018.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9: RISK MANAGEMENT (Continued)

Property and Liability Coverage (Continued)

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 readily 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.

NOTE 10: 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.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the SCHDTF for financial reporting purposes be measured using the plan provisions in effect as of the SCHDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and June 30, 2018*.

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.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefits provided as of December 31, 2017. 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.

As of December 31, 2017, 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.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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.

Contribution provisions as of June 30, 2018. 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:

| January 1st through December 31st | 2014¹ | 2015¹ | 2016¹ | 2017¹ |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Employer contribution rate | 10.15% | 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% | -1.02% |
| Amount apportioned to the SCHDTF | 9.13% | 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% | 4.50% |
| Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411 | 3.50% | 4.00% | 4.50% | 5.00% |
| Total employer contribution rate to the SCHDTF | 16.43% | 17.33% | 18.13% | 18.63% |

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 \$261,976 for the plan year ended December 31, 2017 and \$270,772 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$9,857,555 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The District's proportion of the net pension liability was based on District's contributions to the SCHDTF for the calendar year 2017 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2017, the District's proportion was .03048%, which was an increase of .0008165% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized pension expense of \$2,068,557. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

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

| | Deferred Outflows | Deferred Inflows |
|--|-------------------|------------------|
| Difference between expected and actual experience | \$ 182,136 | \$ - |
| Changes of assumptions or other inputs | \$ 2,563,946 | \$ (15,649) |
| Net difference between projected and actual earnings on pension plan | \$ 192,967 | \$ (582,537) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ 84,953 | \$ (203,830) |
| Contributions subsequent to the measurement date | \$ 140,847 | \$ - |
| Total | \$ 3,164,849 | \$ (802,016) |

\$140,847 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, 2019. 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 |
|---------------------|--------------------|
| 2019 | 1,538,027 |
| 2020 | 850,652 |
| 2021 | (21,059) |
| 2022 | (145,634) |
| Total | \$ 2,221,986 |

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

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

| | |
|---|---|
| Actuarial cost method | Entry Age |
| Price inflation | 2.40% |
| Real wage growth | 1.10% |
| Wage inflation | 3.50% |
| Salary increase, including wage inflation | 3.90-9.70% |
| 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) |

A discount rate of 4.78 percent was used in the roll forward calculation of the total pension liability to the measurement date of December 31, 2017.

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

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

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

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

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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

| Asset Class | Target Allocation | 10 Year Expected Geometric 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 4.78 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions described above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.5%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 10: 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 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.78%.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.48 percent higher compared to the current measurement date.

NOTE 10: 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 4.78%, 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 (3.78%) or 1-percentage-point higher (5.78%) than the current rate:

| | 1% Decrease (3.78%) | Current Discount Rate (4.78%) | 1% Increase (5.78%) |
|--|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net pension asset (liability) | \$ (12,451,768) | \$ (9,857,555) | \$ (7,743,567) |

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.

Changes between the measurement date of the net pension liability and June 30, 2018

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Directs the state to allocate \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution will be allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the other divisions eligible for the direct distribution.
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10: DEFINED BENEFIT PENSION PLAN (Continued)

Changes between the measurement date of the net pension liability and June 30, 2018
(Continued)

At June 30, 2018, the District reported a liability of \$9,857,555 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan’s year-end based on a discount rate of 4.78%. For comparative purposes, the following schedule presents an estimate of what the District’s proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the SCHDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the SCHDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

| | |
|---|--|
| <p>Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)</p> <p>7.25%</p> | <p>Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)</p> <p>\$4,453,558</p> |
|---|--|

Recognizing that the changes in contribution and benefit provisions also affect the determination of the discount rate used to calculate proportionate share of the net pension liability, approximately \$4,601,568 of the estimated reduction is attributable to the use of a 7.25 percent discount rate.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

Health Care Trust Fund

Summary of Significant Accounting Policies

OPEB. District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description.

Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. 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.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District, were \$14,623, for the plan year ended December 31, 2017 and \$17,639 for the fiscal year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of \$225,105 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The District's proportion of the net OPEB liability was based on District's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the District's proportion was 0.017321%, which was a decrease of .000471% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$17,639. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (Continued)

| | Deferred Outflows | Deferred Inflows |
|--|-------------------|------------------|
| Difference between expected and actual experience | \$ 1,065 | \$ - |
| Net difference between projected and actual earnings on pension plan | \$ - | \$ (3,766) |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | \$ - | \$ (5,100) |
| Contributions subsequent to the measurement date | \$ 7,510 | \$ - |
| Total | \$ 8,575 | \$ (8,866) |

\$7,510 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30: | Fiscal Year Totals |
|---------------------|--------------------|
| 2019 | \$ (1,734) |
| 2020 | (1,734) |
| 2021 | (1,734) |
| 2022 | (1,734) |
| 2023 | (793) |
| 2024 | (72) |
| Total | \$ (7,801) |

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial 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% in the aggregate |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Health care cost trend rates (PERA benefit structure): | |
| Service-based premium subsidy | 0.00% |
| PERACare Medicare plans | 5.00% |
| Medicare Part A premiums | 3.00 % for 2017, gradually rising to 4.25% in 2023 |

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|-------|-------------------------|--------------------------|
| 2017 | 5.00% | 3.00% |
| 2018 | 5.00% | 3.25% |
| 2019 | 5.00% | 3.50% |
| 2020 | 5.00% | 3.75% |
| 2021 | 5.00% | 4.00% |
| 2022 | 5.00% | 4.00% |
| 2023 | 5.00% | 4.25% |
| 2024+ | 5.00% | 4.25% |

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in HCTF.

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

- Initial per capital health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely to actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capital health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed 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.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset 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%.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

| Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates | | | |
|---|--------------|-----------------------|--------------|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| PERACare Medicare trend rate | 4.00% | 5.00% | 6.00% |
| Initial Medicare Part A trend rate | 2.00% | 3.00% | 4.00% |
| Ultimate Medicare Part A trend rate | 3.25% | 4.25% | 5.25% |
| Proportionate share of the net OPEB asset (liability) | \$ (218,912) | \$ (225,105) | \$ (232,565) |

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- 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. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

| Sensitivity of the Net OPEB Liability to Changes in the Discount Rate | | | |
|--|--------------|-----------------------|--------------|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| Discount Rate | 6.25% | 7.25% | 8.25% |
| Proportionate share of the net OPEB asset (liability) | \$ (253,089) | \$ (225,105) | \$ (201,220) |

OPEB plan fiduciary net position. Detailed information about the HCTF’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 12: 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, 2018 program members contributed \$8,172.

NOTE 13: 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.

WELDON VALLEY SCHOOL DISTRICT RE-20J
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 13: COMMITMENTS AND CONTINGENCIES(Continued)

TABOR Amendment – In November 1992, Colorado voters passed Article X, Section 20, (the TABOR Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. On November 4, 1997, voters within the District authorized the District to collect, retain and expend all revenues lawfully received in the 1997-1998 fiscal year and in each fiscal year thereafter from all sources without regard to the limitations imposed by the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The District has established an emergency reserve of \$92,000 as required by the Amendment.

NOTE 14: NET POSITION DEFICIT

The Governmental Activities has an unrestricted net position deficit of \$5,685,099, primarily due to the PERA net pension liability of \$9,857,555, as further described in Note 10 and the HCTF OPEB net liability of \$225,105, as further described in Note 11. As the District has no control over pension benefits or contribution rates, the District expects this deficit net position to continue for the foreseeable future.

The District also has a deficit unassigned fund balance of \$10,860 in the Capital Reserve Fund which will be recovered through future General Fund transfers.

NOTE 15: BUDGET VIOLATION

The District's expenditures exceeded appropriations in the Capital Reserve Projects Fund by \$10,860. This may be a violation of State statutes.

NOTE 16: PRIOR PERIOD RESTATEMENT

For the fiscal year, the District adopted GASB Statement Number 68 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of June 30, 2017. This restatement resulted in a net decrease in governmental activity net position of \$370,680.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension and OPEB Schedules Unaudited)

WELDON VALLEY SCHOOL DISTRICT RE-20J

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

| | <u>6/30/18</u> | <u>6/30/17</u> | <u>6/30/16</u> |
|--|----------------|----------------|----------------|
| District's proportion of the net pension asset (liability) | 0.030484% | 0.031301% | 0.029868% |
| District's proportionate share of the net pension asset (liability) | \$ (9,857,555) | \$ (9,319,475) | \$ (4,568,083) |
| District's covered payroll | \$ 1,406,207 | \$ 1,404,838 | \$ 1,301,636 |
| District's proportionate share of the net pension asset (liability) as a percentage of covered payroll | 701.00% | 663.38% | 350.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 43.96% | 43.13% | 59.16% |

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.

| <u>6/30/15</u> | <u>6/30/14</u> |
|----------------|----------------|
| 0.031243% | 0.032752% |
| \$ (4,234,463) | \$ (4,177,462) |
| \$ 1,308,854 | \$ 1,320,323 |
| 323.52% | 316.40% |
| 62.84% | 64.07% |

WELDON VALLEY SCHOOL DISTRICT RE-20J

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

| | <u>6/30/18</u> | <u>6/30/17</u> | <u>6/30/16</u> |
|--|------------------|------------------|------------------|
| Contractually required contributions | \$ 261,976 | \$ 254,697 | \$ 225,573 |
| Actual contributions | <u>(261,976)</u> | <u>(254,697)</u> | <u>(225,573)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 1,406,207 | \$ 1,404,838 | \$ 1,301,636 |
| Contributions as a percentage of covered payroll | 18.63% | 18.13% | 17.33% |

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.

| <u>6/30/15</u> | <u>6/30/14</u> |
|------------------|------------------|
| \$ 215,045 | \$ 205,046 |
| <u>(215,045)</u> | <u>(205,046)</u> |
| <u>\$ -</u> | <u>\$ -</u> |
| \$ 1,308,854 | \$ 1,320,323 |
| 16.43% | 15.53% |

WELDON VALLEY SCHOOL DISTRICT RE-20J

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

| | <u>06/30/18</u> | <u>06/30/17</u> |
|--|-----------------|-----------------|
| District's proportion of the net pension asset (liability) | 0.017321% | 0.017792% |
| District's proportionate share of the net pension asset (liability) | \$ (225,105) | \$ (230,676) |
| District's covered payroll | \$ 1,406,208 | \$ 1,404,837 |
| District's proportionate share of the net pension asset (liability) as a percentage of covered payroll | 16.01% | 16.42% |
| Plan fiduciary net position as a percentage of the total pension liability | 17.53% | 16.70% |

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.

WELDON VALLEY SCHOOL DISTRICT RE-20J

**SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

| | <u>06/30/18</u> | <u>06/30/17</u> |
|---|-----------------|-----------------|
| Contractually required contributions | \$ 14,343 | \$ 14,329 |
| Actual contributions | <u>(14,343)</u> | <u>(14,329)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 1,406,208 | \$ 1,404,837 |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% |

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.

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REQUIRED SUPPLEMENTARY INFORMATION
(Budgetary Comparison Schedules)

WELDON VALLEY SCHOOL DISTRICT RE-20J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | 2018 | | | | 2017 Actual |
|--|--------------------|------------------|------------------|----------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | |
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 460,000 | \$ 460,000 | \$ 439,797 | \$ (20,203) | \$ 431,163 |
| Specific Ownership Taxes | 51,000 | 51,000 | 53,814 | 2,814 | 51,925 |
| Delinquent Taxes | 1,500 | 1,500 | 11,812 | 10,312 | 1,458 |
| Other Taxes | 1,425 | - | - | - | - |
| Investment Earnings | 8,475 | 11,175 | 19,090 | 7,915 | 10,731 |
| Community Service Revenue | 15,000 | 20,500 | 34,113 | 13,613 | 24,841 |
| Rent Revenue | 21,000 | 21,000 | 15,299 | (5,701) | 22,354 |
| Donations | - | - | - | - | 15,000 |
| Local BOCES Passthrough | - | - | - | - | 325 |
| Indirect Cost Revenue | - | - | 4,259 | 4,259 | 4,169 |
| Other Local | 174,127 | 157,586 | 93,375 | (64,211) | 12,045 |
| Total Local Sources | <u>732,527</u> | <u>722,761</u> | <u>671,559</u> | <u>(51,202)</u> | <u>574,011</u> |
| Intermediate Sources | | | | | |
| Mineral Leases | 500 | 500 | 416 | (84) | 318 |
| Impact Fee Revenue | 1,200 | 1,200 | 1,468 | 268 | 2,836 |
| Total Intermediate Sources | <u>1,700</u> | <u>1,700</u> | <u>1,884</u> | <u>184</u> | <u>3,154</u> |
| State Sources | | | | | |
| State Equalization | 2,102,022 | 2,188,329 | 2,130,416 | (57,913) | 2,102,017 |
| Transportation | 31,500 | 34,000 | 27,175 | (6,825) | 38,900 |
| State Grants from CDE | | | | | |
| State ELPA | 660 | 660 | - | (660) | - |
| Small Rural Schools Funding | 51,634 | 51,634 | 77,952 | 26,318 | - |
| Additional At- Risk | 1,100 | 1,100 | 894 | (206) | 1,373 |
| Read Act | 11,900 | 8,400 | 12,454 | 4,054 | 11,971 |
| Other CDE State Grants | - | 3,500 | - | (3,500) | - |
| State Grants from Other Agencies | | | | | |
| State Vocational Education | 18,500 | 19,500 | 17,449 | (2,051) | 22,474 |
| State Grants Provided through BOCES | 1,500 | 1,800 | 7,841 | 6,041 | 8,690 |
| Total State Sources | <u>2,218,816</u> | <u>2,308,923</u> | <u>2,274,181</u> | <u>(34,742)</u> | <u>2,185,425</u> |
| Federal Sources | | | | | |
| Federal Grants from CDE | | | | | |
| RTTT Early Child | - | - | 199 | 199 | - |
| NCLB Title VI, Part B - REAP/Rural Education | 18,500 | 18,500 | 20,559 | 2,059 | 18,244 |
| Federal Provided through BOCES | 26,100 | 17,700 | 29,296 | 11,596 | 23,728 |
| Total Federal Sources | <u>44,600</u> | <u>36,200</u> | <u>50,054</u> | <u>13,854</u> | <u>41,972</u> |
| TOTAL REVENUES | <u>2,997,643</u> | <u>3,069,584</u> | <u>2,997,678</u> | <u>(71,906)</u> | <u>2,804,562</u> |

See the accompanying Independent Auditors' Report

(Continued)

WELDON VALLEY SCHOOL DISTRICT RE-20J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | 2018 | | | | 2017 Actual |
|-------------------------------|--------------------|------------------|------------------|----------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | |
| (Continued) | | | | | |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries | 932,632 | 965,369 | 935,994 | 29,375 | 882,059 |
| Benefits | 342,215 | 349,310 | 350,881 | (1,571) | 333,764 |
| PS - Professional | 82,550 | 92,000 | 72,226 | 19,774 | 66,888 |
| PS - Property | 1,200 | 1,200 | 1,791 | (591) | 2,670 |
| PS - Other | 69,350 | 69,550 | 69,388 | 162 | 57,066 |
| Supplies | 88,329 | 96,329 | 35,435 | 60,894 | 70,619 |
| Property | 26,950 | 39,750 | 58,753 | (19,003) | 6,555 |
| Other Expenses | 16,500 | 17,100 | 5,092 | 12,008 | 10,465 |
| Total Instruction | <u>1,559,726</u> | <u>1,630,608</u> | <u>1,529,560</u> | <u>101,048</u> | <u>1,430,086</u> |
| Supporting Services | | | | | |
| Pupil Support | | | | | |
| Salaries | 62,124 | 50,945 | 50,857 | 88 | 59,013 |
| Benefits | 24,550 | 22,650 | 15,637 | 7,013 | 24,920 |
| PS - Professional | 900 | 900 | - | 900 | 102 |
| PS - Other | 600 | 600 | - | 600 | - |
| Supplies | 1,400 | 1,400 | 914 | 486 | 653 |
| Property | 1,000 | 1,000 | - | 1,000 | 479 |
| Other Expenses | 300 | 300 | - | 300 | 60 |
| Total Pupil Support | <u>90,874</u> | <u>77,795</u> | <u>67,408</u> | <u>10,387</u> | <u>85,227</u> |
| Staff Support | | | | | |
| Salaries | 16,742 | 18,485 | 18,286 | 199 | 17,001 |
| Benefits | 10,140 | 10,440 | 9,687 | 753 | 9,852 |
| PS - Professional | 500 | 500 | - | 500 | 329 |
| Supplies | 9,150 | 9,150 | 83,720 | (74,570) | 8,528 |
| Property | 900 | 900 | 266 | 634 | 56 |
| Other Expenses | 2,900 | 2,900 | - | 2,900 | - |
| Total Staff Support | <u>40,332</u> | <u>42,375</u> | <u>111,959</u> | <u>(69,584)</u> | <u>35,766</u> |
| General Administration | | | | | |
| Salaries | 103,938 | 108,823 | 222,231 | (113,408) | 103,938 |
| Benefits | 27,000 | 31,000 | 29,003 | 1,997 | 28,347 |
| PS - Professional | 13,850 | 13,850 | 12,822 | 1,028 | 9,006 |
| PS - Property | 500 | 500 | - | 500 | - |
| PS - Other | 3,600 | 3,600 | 2,699 | 901 | 1,407 |
| Supplies | 600 | 600 | - | 600 | 232 |
| Property | 500 | 500 | 95 | 405 | - |
| Other Expenses | 2,350 | 2,700 | 5,606 | (2,906) | 6,153 |
| Total General Administration | <u>152,338</u> | <u>161,573</u> | <u>272,456</u> | <u>(110,883)</u> | <u>149,083</u> |
| School Administration | | | | | |
| Salaries | 108,834 | 113,690 | 117,080 | (3,390) | 107,154 |
| Benefits | 36,500 | 36,500 | 33,775 | 2,725 | 31,651 |
| PS - Professional | 6,000 | 6,000 | 1,305 | 4,695 | 323 |
| PS - Property | 1,000 | 1,000 | - | 1,000 | - |
| PS - Other | 32,950 | 36,400 | 20,225 | 16,175 | 24,163 |
| Supplies | 3,600 | 4,000 | 4,757 | (757) | 1,699 |
| Property | 1,600 | 1,700 | 427 | 1,273 | 721 |
| Other Expenses | 9,150 | 9,150 | 5,393 | 3,757 | 7,173 |
| Total School Administration | <u>199,634</u> | <u>208,440</u> | <u>182,962</u> | <u>25,478</u> | <u>172,884</u> |

See the accompanying Independent Auditors' Report

(Continued)

WELDON VALLEY SCHOOL DISTRICT RE-20J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | 2018 | | | | 2017 Actual |
|--|-----------------------|------------------|---------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | |
| (Continued) | | | | | |
| EXPENDITURES (Continued) | | | | | |
| Supporting Services (Continued) | | | | | |
| Business Services | | | | | |
| Salaries | 38,658 | 40,708 | 40,708 | - | 38,658 |
| Benefits | 14,000 | 14,500 | 16,038 | (1,538) | 13,064 |
| PS - Professional | 5,500 | 8,000 | 7,048 | 952 | 5,025 |
| PS - Property | 400 | 400 | - | 400 | - |
| PS - Other | 700 | 700 | 474 | 226 | 851 |
| Supplies | 800 | 800 | 972 | (172) | 897 |
| Property | 1,200 | 2,000 | 2,436 | (436) | 485 |
| Other Expenses | 1,300 | 1,300 | - | 1,300 | - |
| Total Business Services | <u>62,558</u> | <u>68,408</u> | <u>67,676</u> | <u>732</u> | <u>58,980</u> |
| Operations and Maintenance | | | | | |
| Salaries | 120,000 | 120,000 | 117,204 | 2,796 | 121,270 |
| Benefits | 45,200 | 45,200 | 48,540 | (3,340) | 43,657 |
| PS - Property | 25,700 | 29,200 | 53,418 | (24,218) | 38,143 |
| PS - Other | 62,300 | 88,800 | 100,733 | (11,933) | 65,518 |
| Supplies | 87,400 | 87,400 | 77,481 | 9,919 | 74,536 |
| Property | 8,300 | 9,500 | 6,198 | 3,302 | 6,450 |
| Other Expenses | 5,800 | 5,800 | 2,224 | 3,576 | (1,206) |
| Total Operations and Maintenance | <u>354,700</u> | <u>385,900</u> | <u>405,798</u> | <u>(19,898)</u> | <u>348,368</u> |
| Transportation | | | | | |
| Salaries | 45,900 | 48,900 | 38,372 | 10,528 | 33,995 |
| Benefits | 29,125 | 29,325 | 22,383 | 6,942 | 26,634 |
| PS - Professional | 2,400 | 3,500 | 1,844 | 1,656 | 773 |
| PS - Property | 14,500 | 14,500 | 13,700 | 800 | 5,558 |
| PS - Other | 3,500 | 3,500 | 2,172 | 1,328 | 3,480 |
| Supplies | 32,600 | 32,600 | 16,150 | 16,450 | 16,597 |
| Property | 1,500 | 1,500 | 2,099 | (599) | 925 |
| Total Transportation | <u>129,525</u> | <u>133,825</u> | <u>96,720</u> | <u>37,105</u> | <u>87,962</u> |
| Other Central Support | | | | | |
| PS - Professional | 7,000 | 7,000 | 2,530 | 4,470 | 523 |
| PS - Other | 500 | 500 | 304 | 196 | 279 |
| Total Other Central Support | <u>7,500</u> | <u>7,500</u> | <u>2,834</u> | <u>4,666</u> | <u>802</u> |
| Risk Management | | | | | |
| PS - Other | 4,400 | 4,400 | 4,239 | 161 | 3,809 |
| Community Support | | | | | |
| Salaries | 23,100 | 23,100 | 13,217 | 9,883 | 12,340 |
| Benefits | 16,100 | 16,100 | 15,219 | 881 | 15,415 |
| Total Community Support | <u>39,200</u> | <u>39,200</u> | <u>28,436</u> | <u>10,764</u> | <u>27,755</u> |
| Debt Service | | | | | |
| Principal | - | - | - | - | 3,297 |
| Interest | - | - | - | - | 410 |
| Total Debt Service | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,707</u> |
| Contingency | <u>2,172,277</u> | <u>2,002,924</u> | <u>-</u> | <u>2,002,924</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>4,813,064</u> | <u>4,762,948</u> | <u>2,770,048</u> | <u>1,992,900</u> | <u>2,404,429</u> |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (1,815,421) | (1,693,364) | 227,630 | 1,920,994 | 400,133 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers | (195,000) | (185,000) | (185,000) | - | (191,000) |
| CHANGE IN FUND BALANCE | (2,010,421) | (1,878,364) | 42,630 | 1,920,994 | 209,133 |
| BEGINNING FUND BALANCE | - | 1,878,364 | 2,081,372 | 203,008 | 1,872,239 |
| ENDING FUND BALANCE | <u>\$ (2,010,421)</u> | <u>\$ -</u> | <u>\$ 2,124,002</u> | <u>\$ 2,124,002</u> | <u>\$ 2,081,372</u> |

See accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles (except for the Enterprise Fund which budgets on the cash basis). 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.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- The District has until January 31st of each year to revise the budget.
- 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 by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund balance at fiscal year-end because they have lapsed and are pending reinstatement.

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OTHER SUPPLEMENTARY INFORMATION

WELDON VALLEY SCHOOL DISTRICT RE-20J
Balance Sheet
Nonmajor Governmental Funds
Student Activity Fund
June 30, 2018
(With Comparative Totals for June 30, 2017)

| | Special Revenue | | Totals | |
|---|------------------|------------------|-------------------|-------------------|
| | Food Service | Student Activity | 2018 | 2017 |
| | Fund | Fund | | |
| ASSETS | | | | |
| Cash and Investments | \$ 26,716 | \$ 73,844 | \$ 100,560 | \$ 107,537 |
| Grants Receivable | 3,409 | - | 3,409 | 9,926 |
| Other Accounts Receivable | 963 | - | 963 | 369 |
| Inventory | 6,845 | - | 6,845 | 6,048 |
| TOTAL ASSETS | <u>\$ 37,933</u> | <u>\$ 73,844</u> | <u>\$ 111,777</u> | <u>\$ 123,880</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Accounts Payable | - | - | - | 114 |
| Accrued Salaries & Benefits | 5,617 | - | 5,617 | 4,914 |
| Total Liabilities | <u>5,617</u> | <u>-</u> | <u>5,617</u> | <u>5,028</u> |
| Deferred Inflows of Financial Resources | | | | |
| Deferred Inflows | 1,852 | - | 1,852 | 1,852 |
| Fund Balance | | | | |
| Nonspendable Fund Balance | 6,845 | - | 6,845 | 6,048 |
| Committed Fund Balance | | | | |
| Committed for Fund Purposes | 23,619 | 73,844 | 97,463 | 110,952 |
| Total Fund Balance | <u>30,464</u> | <u>73,844</u> | <u>104,308</u> | <u>117,000</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 37,933</u> | <u>\$ 73,844</u> | <u>\$ 111,777</u> | <u>\$ 123,880</u> |

See accompanying Independent Auditors' Report.

WELDON VALLEY SCHOOL DISTRICT RE-20J
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Student Activity Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | Special Revenue | | Totals | |
|--|------------------|------------------|-------------------|-------------------|
| | Food Service | Student Activity | 2018 | 2017 |
| | Fund | Fund | | |
| REVENUES | | | | |
| Local Sources | \$ 31,835 | \$ 70,070 | \$ 101,905 | \$ 117,666 |
| State Sources | 1,745 | - | 1,745 | 1,095 |
| Federal Sources | 38,522 | - | 38,522 | 51,434 |
| TOTAL REVENUES | <u>72,102</u> | <u>70,070</u> | <u>142,172</u> | <u>170,195</u> |
| EXPENDITURES | | | | |
| Instruction | - | 98,660 | 98,660 | 115,174 |
| Food Service | 121,204 | - | 121,204 | 115,177 |
| TOTAL EXPENDITURES | <u>121,204</u> | <u>98,660</u> | <u>219,864</u> | <u>230,351</u> |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (49,102) | (28,590) | (77,692) | (60,156) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer In (Out) - net | 45,000 | 20,000 | 65,000 | 71,000 |
| CHANGE IN FUND BALANCE | (4,102) | (8,590) | (12,692) | 10,844 |
| BEGINNING FUND BALANCE | <u>34,566</u> | <u>82,434</u> | <u>117,000</u> | <u>106,156</u> |
| ENDING FUND BALANCE | <u>\$ 30,464</u> | <u>\$ 73,844</u> | <u>\$ 104,308</u> | <u>\$ 117,000</u> |

See accompanying Independent Auditors' Report.

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SPECIAL REVENUE FUNDS

Special Revenue Fund (Food Service Fund and Student Activity Fund) – 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.

WELDON VALLEY SCHOOL DISTRICT RE-20J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | 2018 | | | 2017 Actual |
|--|-------------------------------|------------------|----------------------------------|------------------|
| | Original & Final Budget | Actual | Variance with Final Budget | |
| REVENUES | | | | |
| Local Sources | | | | |
| Food Service Revenue | \$ 25,050 | \$ 31,835 | \$ 6,785 | \$ 24,020 |
| Other Local | 34,566 | - | (34,566) | - |
| Total Local Sources | 59,616 | 31,835 | (27,781) | 24,020 |
| State Sources | | | | |
| State Match - Child Nutrition | 900 | 802 | (98) | 832 |
| Smart Start Nutrition | - | 342 | 342 | 99 |
| State K-2 Reduced Lunch | 100 | 601 | 501 | 165 |
| Total State Sources | 1,000 | 1,745 | 745 | 1,096 |
| Federal Sources | | | | |
| Federal Grants from CDE | | | | |
| School Breakfast Program | 5,200 | 6,403 | 1,203 | 6,387 |
| National School Lunch Program | 30,000 | 25,489 | (4,511) | 37,764 |
| Federal Grants from Other State Agencies | | | | |
| Commodities | - | 6,630 | 6,630 | 7,283 |
| Total Federal Sources | 35,200 | 38,522 | 3,322 | 51,434 |
| TOTAL REVENUES | 95,816 | 72,102 | (23,714) | 76,550 |
| EXPENDITURES | | | | |
| Food Service | | | | |
| Salaries | 50,000 | 47,503 | 2,497 | 45,230 |
| Benefits | 21,700 | 20,643 | 1,057 | 20,088 |
| PS - Professional | 900 | 370 | 530 | 289 |
| PS - Property | 3,000 | 666 | 2,334 | 323 |
| PS - Other | 633 | 127 | 506 | 112 |
| Supplies | 8,500 | 6,740 | 1,760 | 2,053 |
| Food | 49,500 | 38,914 | 10,586 | 42,487 |
| Commodities | 1,200 | 6,241 | (5,041) | 4,595 |
| Other Expenses | 3,000 | - | 3,000 | - |
| TOTAL EXPENDITURES | 138,433 | 121,204 | 17,229 | 115,177 |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (42,617) | (49,102) | (6,485) | (38,627) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers | 45,000 | 45,000 | - | 55,000 |
| CHANGE IN FUND BALANCE | 2,383 | (4,102) | (6,485) | 16,373 |
| BEGINNING FUND BALANCE | - | 34,566 | 34,566 | 18,193 |
| ENDING FUND BALANCE | \$ 2,383 | \$ 30,464 | \$ 28,081 | \$ 34,566 |

See accompanying Independent Auditors' Report.

WELDON VALLEY SCHOOL DISTRICT RE-20J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Student Activity Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | 2018 | | Variance with Final Budget | 2017 | |
|--|-----------------|-----------|----------------------------------|-----------|--------|
| | Final Budget | Actual | | Budget | Actual |
| REVENUES | | | | | |
| Local Sources | | | | | |
| Investment Earnings | \$ 500 | \$ 96 | \$ (404) | \$ 39 | |
| Pupil Activity Revenues | 153,963 | 69,974 | (83,989) | 93,606 | |
| TOTAL REVENUES | 154,463 | 70,070 | (84,393) | 93,645 | |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Supplies | 170,463 | 98,660 | 71,803 | 115,174 | |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (16,000) | (28,590) | (12,590) | (21,529) | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers | 16,000 | 20,000 | 4,000 | 16,000 | |
| CHANGE IN FUND BALANCE | - | (8,590) | (8,590) | (5,529) | |
| BEGINNING FUND BALANCE | - | 82,434 | 82,434 | 87,963 | |
| ENDING FUND BALANCE | \$ - | \$ 73,844 | \$ 73,844 | \$ 82,434 | |

See accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

DEBT SERVICE FUND

This fund is used to account for the repayment of the District's bonded debt.

WELDON VALLEY SCHOOL DISTRICT RE-20J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | 2018 | | Variance with Final Budget | 2017 Actual |
|--|------------------|-------------------|----------------------------------|-------------------|
| | Final Budget | Actual | | |
| REVENUES | | | | |
| Local Sources | | | | |
| Property Taxes | \$ 90,000 | \$ 80,299 | \$ (9,701) | \$ 79,659 |
| Specific Ownership Taxes | 3,500 | - | (3,500) | - |
| Delinquent Taxes | 2,200 | 362 | (1,838) | 222 |
| Investment Earnings | 1,400 | 2,649 | 1,249 | 1,295 |
| Other Local | 300 | - | (300) | - |
| Total Local Sources | 97,400 | 83,310 | (14,090) | 81,176 |
| Intermediate Sources | | | | |
| Impact Fee Revenue | 250 | 267 | 17 | 480 |
| TOTAL REVENUES | 97,650 | 83,577 | (14,073) | 81,656 |
| EXPENDITURES | | | | |
| General Administration | | | | |
| PS - Professional | 600 | 300 | 300 | 300 |
| Debt Service | | | | |
| Principal | 60,000 | 60,000 | - | 60,000 |
| Interest | 7,275 | 12,750 | (5,475) | 13,950 |
| Bond Issuance Costs | 207,674 | - | 207,674 | - |
| Total Debt Service | 274,949 | 72,750 | 202,199 | 73,950 |
| TOTAL EXPENDITURES | 275,549 | 73,050 | 202,499 | 74,250 |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (177,899) | 10,527 | 188,426 | 7,406 |
| BEGINNING FUND BALANCE | 177,899 | 232,483 | 54,584 | 225,077 |
| ENDING FUND BALANCE | \$ - | \$ 243,010 | \$ 243,010 | \$ 232,483 |

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

Capital Reserve Project Fund - This fund is used to account for the District's major capital outlay activity.

WELDON VALLEY SCHOOL DISTRICT RE-20J
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | 2018 | | Variance with Final Budget | 2017 | |
|--|-------------------------|--------------------|---|-----------------|---------------|
| | Final Budget | Actual | | Budget | Actual |
| EXPENDITURES | | | | | |
| Supporting Services | | | | | |
| Transportation | | | | | |
| Property | \$ - | \$ - | \$ - | \$ 27,436 | |
| Facilities/Capital Outlay | | | | | |
| Buildings | 42,300 | 13,010 | 29,290 | 39,769 | |
| Equipment | 74,571 | 56,682 | 17,889 | 44,269 | |
| Non-Capitalized Equipment | 6,600 | 64,639 | (58,039) | 8,671 | |
| Total Facilities/Capital Outlay | <u>123,471</u> | <u>134,331</u> | <u>(10,860)</u> | <u>92,709</u> | |
| TOTAL EXPENDITURES | <u>123,471</u> | <u>134,331</u> | <u>(10,860)</u> | <u>120,145</u> | |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (123,471) | (134,331) | (10,860) | (120,145) | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers | <u>120,000</u> | <u>120,000</u> | <u>-</u> | <u>120,000</u> | |
| CHANGE IN FUND BALANCE | (3,471) | (14,331) | (10,860) | (145) | |
| BEGINNING FUND BALANCE | <u>3,471</u> | <u>3,471</u> | <u>-</u> | <u>3,616</u> | |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ (10,860)</u> | <u>\$ (10,860)</u> | <u>\$ 3,471</u> | |

See accompanying Independent Auditors' Report.

FIDUCIARY (TRUST AND AGENCY) FUNDS

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups.

The District has established an Agency Fund (Cafeteria Agency Fund) to account for assets held in trust by the District for District employee benefits provided under Internal Revenue Code Section 125. This fund is custodial and does not measure the results of operations.

WELDON VALLEY SCHOOL DISTRICT RE-20J
Schedule of Changes in Fiduciary Net Position
Budget and Actual
Fiduciary Funds
Cafeteria Agency Fund
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

| | 2018 | | Variance with Final Budget | 2017 |
|-------------------------------|-----------------|-----------------|----------------------------------|-----------------|
| | Final Budget | Actual | | Actual |
| ADDITIONS | | | | |
| Local Sources | \$ 7,000 | \$ 2,563 | \$ (4,437) | \$ 6,407 |
| DEDUCTIONS | | | | |
| Other Supporting Services | 7,000 | 1,460 | 5,540 | 6,208 |
| CHANGE IN NET POSITION | - | 1,103 | 1,103 | 199 |
| BEGINNING NET POSITION | - | 1,393 | 1,393 | 1,194 |
| ENDING NET POSITION | <u>\$ -</u> | <u>\$ 2,496</u> | <u>\$ 2,496</u> | <u>\$ 1,393</u> |

See accompanying Independent Auditors' Report.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 2505 - WELDON VALLEY RE-20(J)
 Fiscal Year 2017-18
 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 | 1,935,161 | | 2,675,722 | | 2,584,426 | | 2,026,457 |
| 18 Risk Mgmt Sub-Fund of General Fund | 16,995 | | 51,768 | | 69,333 | | -571 |
| 19 Colorado Preschool Program Fund | 129,217 | | 85,188 | | 116,289 | | 98,116 |
| Sub- Total | 2,081,372 | | 2,812,678 | | 2,770,048 | | 2,124,002 |
| 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 | 34,566 | | 117,101 | | 121,203 | | 30,464 |
| 22 Govt Designated-Purpose Grants Fund | 0 | | 0 | | 0 | | 0 |
| 23 Pupil Activity Special Revenue Fund | 82,434 | | 90,070 | | 98,660 | | 73,844 |
| 24 Full Day Kindergarten Mill Levy Override | 0 | | 0 | | 0 | | 0 |
| 25 Transportation Fund | 0 | | 0 | | 0 | | 0 |
| 31 Bond Redemption Fund | 232,483 | | 83,577 | | 73,050 | | 243,010 |
| 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 | 3,471 | | 120,000 | | 134,331 | | -10,860 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | | 0 | | 0 | | 0 |
| Totals | 2,434,327 | | 3,223,426 | | 3,197,292 | | 2,460,460 |
| Proprietary | | | | | | | |
| 50 Other Enterprise Funds | 0 | | 0 | | 0 | | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | | 0 | | 0 | | 0 |
| 60,65-69 Other Internal Service Funds | 0 | | 0 | | 0 | | 0 |
| Totals | 0 | | 0 | | 0 | | 0 |
| Fiduciary | | | | | | | |
| 70 Other Trust and Agency Funds | 0 | | 0 | | 0 | | 0 |
| 72 Private Purpose Trust Fund | 0 | | 0 | | 0 | | 0 |
| 73 Agency Fund | 1,393 | | 2,563 | | 1,461 | | 2,496 |
| 74 Pupil Activity Agency Fund | 0 | | 0 | | 0 | | 0 |
| 79 GASB 34:Permanent Fund | 0 | | 0 | | 0 | | 0 |
| 85 Foundations | 0 | | 0 | | 0 | | 0 |
| Totals | 1,393 | | 2,563 | | 1,461 | | 2,496 |

FINAL



Colorado Department of Education

Bolded Balance Sheet Report

District: 2505 - WELDON VALLEY RE-20(0)

Fiscal Year 2017-18

Colorado School District/BOCES

See accompanying Independent Auditors' Report

| ASSETS | Governmental | | | | | | | Proprietary | | | | | Fiduciary | | |
|--|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|--------|
| | 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 |
| Cash and Investments (8100-8104,8111) | 2,104,122 | 0 | 107,802 | 73,844 | 0 | 26,716 | 172,777 | 2,150 | 0 | 0 | 0 | 2,496 | 0 | 2,489,908 | |
| Cash with Fiscal Agent (8105) | 9,235 | 0 | 0 | 0 | 0 | 0 | 985 | 0 | 0 | 0 | 0 | 0 | 0 | 10,220 | |
| Taxes Receivable (8121,8122) | 32,796 | 0 | 0 | 0 | 0 | 0 | 4,176 | 0 | 0 | 0 | 0 | 0 | 0 | 36,972 | |
| Interfund Loans Receivable (8131,8132) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Grants Accounts Receivable (8142) | 14,464 | 0 | 0 | 0 | 0 | 3,409 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,874 | |
| Other Receivables (8151-8154,8161) | 0 | 0 | 0 | 0 | 0 | 963 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 963 | |
| Inventories (8171,8172,8173) | 0 | 0 | 0 | 0 | 0 | 6,845 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,845 | |
| Prepaid Expenses 8181,8182) | 0 | 0 | 0 | 0 | 0 | 0 | 66,075 | 0 | 0 | 0 | 0 | 0 | 0 | 66,075 | |
| Machinery and Equipment (8241,8242,8251) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Assets | 2,160,618 | 0 | 107,802 | 73,844 | 0 | 37,933 | 244,012 | 2,150 | 0 | 0 | 0 | 2,496 | 0 | 2,628,856 | |

Governmental

Proprietary

Fiduciary

| | 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 |
|--------------------------------------|------------------------|------------------------|-------------------|---------------------------------|--------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------|---------------------|----------------|
| LIABILITIES & FUND EQUITY | | | | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | | | | |
| Interfund Payables (7401,7402) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Payables (7421-7423) | 25,636 | 0 | 1,201 | 0 | 0 | 0 | 0 | 13,010 | 0 | 0 | 0 | 0 | 0 | 0 | 39,848 |
| Accrued Expenses (7461) | 109,096 | 0 | 8,485 | 0 | 0 | 5,617 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 123,198 |
| Unearned Revenue (7481) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants Deferred Revenue (7482) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Inflow (7800) | 0 | 0 | 0 | 0 | 0 | 1,852 | 1,002 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,854 |
| Total Liabilities | 134,732 | 0 | 9,686 | 0 | 0 | 7,469 | 1,002 | 13,010 | 0 | 0 | 0 | 0 | 0 | 0 | 165,900 |

See accompanying Independent Auditors' 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 | 6,845 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,845 |
| Restricted Fund Balance 6720 | 0 | 0 | 0 | 0 | 0 | 0 | 243,010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 243,010 |
| TABOR 3% Emergency Reserve 6721 | 92,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 92,000 |
| 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 | 0 | 0 | 98,116 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 98,116 |
| 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 | 73,844 | 0 | 23,619 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 97,463 |
| Assigned Fund Balance 6760 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unassigned Fund Balance 6770 | 1,933,886 | 0 | 0 | 0 | 0 | 0 | 0 | -10,860 | 0 | 0 | 0 | 0 | 2,496 | 0 | 1,925,522 |
| 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 | 2,025,886 | 0 | 98,116 | 73,844 | 0 | 30,464 | 243,010 | -10,860 | 0 | 0 | 0 | 0 | 2,496 | 0 | 2,462,956 |

| | 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 | 2,160,618 | 0 | 107,802 | 73,844 | 0 | 37,933 | 244,012 | 2,150 | 0 | 0 | 0 | 0 | 2,496 | 0 | 2,628,856 |
| Do Assets=Liability+Fund Equity | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |