



Weld County School District RE-8

Financial Statements and Supplementary Information

For the Year Ended June 30, 2020

Weld County School District RE-8

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Independent Auditor's Report

Board of Education
Weld County School District RE-8
Fort Lupton, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Weld County School District RE-8 (the "District"), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Weld County School District RE-8, as of June 30, 2020, 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.

Emphasis of Matters

As discussed in Note 2 to the basic financial statements, the District implemented the Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. As a result of the adoption of the standard, the Student Activity Fund, which has previously been reported as a fiduciary fund, is now reported as a governmental fund. The fund balance for the governmental funds and the net position for governmental activities was increased by \$178,126 as a result of the implementation. Our opinion is not modified with respect to this matter.

We draw attention to Note 16 to the financial statements, which describes the uncertainty related to the COVID-19 pandemic and the impact on the District. Our opinion is not modified with respect to this matter.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, budgetary comparison information on pages 49 and 50, and the pension and other post employment benefit schedules on pages 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual major and nonmajor fund financial statements and budgetary comparisons, and Auditor's Integrity Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January XX, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BDO USA, LLP

March 24, 2021

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2020

As management of the Weld County School District Re-8 (the District) we offer readers of the District's basic financial statements this narrative and analysis of the financial activities of the District for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$(25,998,932) (net position), a change of \$11,321,926 from the previous fiscal year of \$(37,320,858). In 2015 the District implemented GASB 68 which recorded a Net Pension Liability of \$41,128,009 for 2020. (See Note 9 for additional information). In 2018, the District implemented GASB 75 which relates to Other Post-Employment Benefits (OPEB). The District recorded an OPEB liability of \$2,021,779 for 2020. (See Note 10 for additional information). In 2017 the District issued \$48,600,000 of General Obligation Bonds for acquiring, constructing, repairing and improving District capital assets.

The General Fund operations of the District are funded primarily by the tax revenue received under the State School Finance Act (the Act) in the amount of \$20,662,013 and State Equalization refunded payments to CDE totaling \$829,646. Total General Fund revenue for the year was \$26,674,439.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The statement of activities presents information reporting how the District's net position changed during fiscal year 2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2020

statement for some items that will result in cash flows for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The District uses eight Governmental Funds. The General Fund is the largest Governmental Fund and encompasses most of the District's revenues and expenditures. The other seven funds consist of the Food Services Fund, the Designated Purpose Grants Fund, the Bond Redemption Fund, the Capital Reserve Fund, and the Building Fund. An annual appropriated budget for the District is adopted for each fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 15-18 of this report.

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Management's Discussion and Analysis For the Year Ended June 30, 2020

Fiduciary Funds

Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds are the Scholarship Trust Fund. The Scholarship Trust Fund provides scholarships to qualifying students.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the Financial Statements

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

Required Supplementary Information

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

Supplementary Information

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

Government – Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the year ended June 30, 2020, the District's combined liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$25,998,932. Of this amount \$(56,903,871) is unrestricted; however, since it is negative, it is not available to meet the District's ongoing financial obligations. \$17,810,903, is invested in capital assets. In addition, \$1,509,634 is restricted for Total Program Reserve; \$5896,006 is restricted for capital projects; \$10,108,578 is restricted for debt service; and \$889,818 is restricted for emergencies under TABOR.

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Management's Discussion and Analysis For the Year Ended June 30, 2020

Weld County School District Re-8 Net Position

	Governmental Activities	
	2020	2019
Assets		
Current Assets	\$ 26,160,648	\$ 25,443,728
Capital Assets, Net	78,733,359	77,445,372
Total Assets	104,894,007	102,889,100
Deferred Outflows of Resources		
Deferred Outflows of Resources Relating to Pensions	5,536,028	14,554,901
Employment Benefits	748,901	803,116
Total Deferred Outflows of Resources	6,284,929	15,358,017
Liabilities		
Current Liabilities	3,751,923	4,497,971
Non-current Liabilities	104,165,659	112,999,732
Total Liabilities	107,917,582	117,497,729
Deferred Inflows of Resources		
Deferred Inflows of Resources Relating to Pensions	27,343,932	38,024,476
Deferred Revenues	1,542,875	42,157
Employment Benefits	373,479	3,613
Total Deferred Inflows of Resources	29,260,286	38,070,246
Net Position		
Net Investment in Capital Assets	17,810,903	14,431,937
Restricted	13,094,036	11,718,324
Unrestricted	(56,903,871)	(63,471,119)
Total Net Position	\$ (25,998,932)	\$ (37,320,858)

Governmental Activities

Governmental activities increased the District's net position by \$9,643,610 due to pension expense in GASB No.68 was recorded in 2018. Expenses increased \$6,485,680 or 38% due to the increase in pension liability related to the cost-sharing defined benefit plan.

WELD COUNTY SCHOOL DISTRICT RE-8**Management's Discussion and Analysis
For the Year Ended June 30, 2020****Weld County School District Re-8
Change in Net Position**

	Governmental Activities	
	2020	2019
Program Revenues		
Charges for Services	\$ 506,917	\$ 220,248
Operating Grants and Contributions	5,015,614	2,784,058
Capital Grants and Contributions	-	-
General Revenues		
Property Taxes	31,137,076	24,185,211
Specific Ownership Taxes	1,450,134	1,568,508
State Equalization	-	2,981,448
Investment Income	354,354	618,957
Other Revenues	311,120	3,493,811
Total Revenues	38,775,215	35,852,241
Expenses		
Instruction	13,343,471	12,346,735
Supporting Services	10,732,549	10,157,718
Food Service Operations	1,209,771	1,253,073
Interest on Long Term Debt	2,345,624	2,451,131
Total Expenses	27,631,415	26,208,657
Change in Net Position	11,143,800	9,643,584
Cumulative Effect of a Change in Accounting Principle	178,126	-
Net Position, Beginning, As Restated	(37,320,832)	(46,964,442)
Net Position, Ending	\$ (25,998,932)	\$ (37,320,858)

Financial Analysis of the District's Funds**Governmental Funds**

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

General Fund

The General Fund is the major operating fund of the District, providing the majority of resources for the educational and support programs. The General Fund includes the Mill Levy Override Funds MLO 2020 and MLO 2026 and the Preschool Fund. The Preschool Program is required to receive a certain amount of revenue

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2020

transferred from the General Fund based on Per Pupil Revenue (PPR). Revenues for the General Fund totaled \$26,674,439 in fiscal year 2020 compared to \$25,784,103 in fiscal year 2019, an increase of \$900,336 or 3.5%. Expenditures totaled \$27,924,561 compared to \$25,316,952, an increase of \$2,607,609 or 10.3%.

Revenues

Property Taxes. General Fund property tax revenues increased \$4,860,729 or 26.3% due to the state funding formula. Property taxes accounted for about 87.4% of the District's General Fund revenue.

Specific Ownership Taxes. Specific ownership tax is applied to the fair value of vehicles registered in Colorado. Specific ownership tax decreased \$118,374, or 7.5%. Specific Ownership taxes accounted for 5.4% of the District's General Fund revenue.

State Equalization. State equalization revenue decreased \$2,981,448 in fiscal year 2020.

State and Federal Grants. State grants revenue decreased \$685,623 or 33.2% in fiscal year 2020 and accounted for 2.6% of the District's General Fund revenue.

Revenues	2020	2019	Amount of Change	Percentage Change
Property Taxes	\$ 23,321,580	\$ 18,460,851	\$ 4,860,729	26.3%
Specific Ownership Tax	1,450,134	1,568,508	(118,374)	-7.5%
State Equalization	-	2,981,448	(2,981,448)	-100%
State Grants	1,380,148	2,065,771	(685,623)	-33.2%
Investment Income	210,897	233,475	(22,578)	-9.6%
Miscellaneous	311,680	474,050	(162,370)	-34.2%
Total	\$ 26,674,439	\$ 25,784,103	\$ 900,336	3.5%

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Management's Discussion and Analysis For the Year Ended June 30, 2020

Expenditures

Overall expenditures for the General Fund increased \$2,741,696 or 10.9% from the previous year.

Expenditures	2020	2019	Amount of Change	Percentage Change
Instruction	\$ 16,032,277	\$ 14,280,524	\$ 1,751,753	12.3%
Students	1,126,756	1,154,313	(27,557)	-2.4%
Instructional Staff	1,937,656	1,315,742	621,914	43.6%
General Administration	520,050	504,191	15,859	-33.9%
School Administration	2,160,093	2,096,573	63,520	6.7%
Business Services	397,240	378,202	19,038	-50.1%
Operations and Maintenance	3,537,802	3,365,735	172,067	30%
Student Transportation	998,965	818,532	180,433	-1%
Central Support	1,159,424	1,140,553	18,871	5%
Community Services	37,417	16,351	21,066	-13.7%
Capital Outlay	16,881	89,649	(72,768)	-35.4%
Reserves	-	22,500	(22,500)	n/a
Total	\$ 27,924,561	\$ 25,182,865	\$ 2,741,696	10.9%

Other Major Funds

The Bond Redemption Fund accounts for property taxes restricted for the payment of general obligation debt. Bond Redemption Fund property tax revenues increased \$6,508,250 to \$6,630,924. Total principal and interest on debt serviced was \$2,311,347 and \$2,497,560, respectively.

The Building Fund accounts for the proceeds of general obligation bonds amounting to \$64,365,000. The purpose of the bonds is for acquiring, constructing, repairing and improving District capital assets and to pay the costs of issuance of the Bonds. During the year ended June 30, 2020, the District expended \$2,223,890 on the various improvement projects.

General Fund Budgetary Highlights

General Fund revenues and other financing sources budgeted were \$23,894,098 and actual revenues were \$26,674,439. The District budgeted for General Fund expenditures of \$32,182,104 for the year ended June 30, 2020. Actual expenditures were \$27,924,561.

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2020

Capital Assets

As of June 30, 2020, the District's Governmental Activities Capital Assets had \$78,733,359 net of accumulated depreciation, invested in a broad range of capital assets, including buildings and improvements, site improvements, transportation equipment and other equipment. The District's primary expenditures were the renovations at all existing schools and the building of the new Homyak PK-8. Additional information along with a summary can be found in Note 5 to the financial statements.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in Progress	\$ 51,269,953	\$ 1,983,688	\$ (53,253,641)	\$ -
Total capital assets not being depreciated	51,269,953	1,983,688	(53,253,641)	-
Capital assets, being depreciated:				
Buildings and improvements	41,015,052	53,253,641	-	94,268,693
Site Improvements	2,529,222	-	-	2,259,222
Transportation Equipment & Vehicles	2,491,546	440,276	-	2,931,822
Other Equipment	533,263	80,067	-	613,330
Total capital assets, being depreciated	46,569,083	53,773,984	-	100,343,067
Less accumulated depreciation for:				
Buildings and improvements	(17,090,717)	(877,917)	-	(17,968,634)
Site Improvements	(1,292,005)	(70,417)	-	(1,362,422)
Transportation Equipment	(1,797,126)	(216,308)	-	(2,013,434)
Other Equipment	(213,816)	(51,402)	-	(265,218)
Total accumulated depreciation	(20,393,664)	(1,216,044)	-	(21,609,708)
Total capital assets, being depreciated, net	26,175,419	52,557,940	-	78,733,359
Governmental activities capital assets, net	\$ 77,445,372	\$ 54,541,628	\$	\$ 78,733,359

WELD COUNTY SCHOOL DISTRICT RE-8

Management's Discussion and Analysis For the Year Ended June 30, 2020

Long-Term Debt

As of June 30, 2020, the District has long-term debt of \$61,015,871. The following is a summary of the District's long-term debt balances:

	2020	2019
General Obligation Bonds	\$ 54,775,000	\$ 57,015,000
Deferred Premium	5,888,815	5,998,435
Capital Leases	258,641	-
Compensated Absences	93,415	91,025
	<u>\$ 61,015,871</u>	<u>\$ 63,104,460</u>

Additional information can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

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

The primary factors driving the budget for the District are student enrollment and rescissions imposed by the State. The Funded Pupil Count for the 2019 - 20 school year was 2,337.3. The Funded Pupil Count projected for the 2019 - 20 school year is expected to be 2,258.9. These factors, in addition to expected rescission factors, were considered in preparing the District's budget for 2020 - 21.

In the November 2016 election, the community voted to approve a \$48.6 million Bond that will improve each and every school in the district. The bonds have been issued and construction has started and will continue through 2020. The breakdown on the money will allow each school to receive new furniture in every classroom, safety improvements including fire sprinklers, American Disabilities Act compliant door hardware, lighting, technology, classroom acoustics, as well as enhancements to the secure entrances. The cost breakdown on your investment is as follows:

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

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**Management's Discussion and Analysis
For the Year Ended June 30, 2020**

With the addition of 61,000 new square footage of buildings, we anticipate added operational costs including personnel.

Requests for Information

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

Weld County School District Re-8
Business Office
200 South Fulton Ave
Fort Lupton, CO 80621

Basic Financial Statements

Weld County School District RE-8

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Cash, cash equivalents and investments	\$ 11,493,135
Cash with County Treasurer	3,017,392
Receivables	11,590,964
Due from fiduciary funds	3,910
Inventories	55,247
Capital assets, being depreciated, net	78,733,359
Total assets	104,894,007
Deferred outflows of resources	
Deferred outflows of resources relating to pensions	5,536,028
Deferred outflows of resources relating to other post employment benefits	748,901
Total deferred outflows of resources	6,284,929
Liabilities	
Accounts payable	257,360
Accrued salaries and benefits	3,312,363
Accrued interest payable	163,155
Due to other governments	19,045
Noncurrent liabilities:	
Accrued compensated absences	93,415
Due within one year	2,376,011
Due in more than one year	58,546,445
Net pension liability	41,128,009
Net other post employment benefit liability	2,021,779
Total liabilities	107,917,582
Deferred inflows of resources	
Deferred revenues	1,542,875
Deferred inflows of resources relating to pensions	27,343,932
Deferred outflows of resources relating to other post employment benefits	373,479
Total deferred inflows of resources	29,260,286
Net position	
Net investment in capital assets	17,810,903
Restricted for:	
Emergencies	889,818
Debt service	10,108,578
Capital projects	586,006
Project reserve	1,509,634
Unrestricted	(56,903,871)
Total net position	\$ (25,998,932)

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

Weld County School District RE-8

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 13,343,471	\$ 365,904	\$ 3,924,310	\$ -	\$ (9,053,257)
Supporting services					
Students	1,563,552	-	-	-	(1,563,552)
Instructional staff	1,777,045	-	-	-	(1,777,045)
General administration	423,737	-	-	-	(423,737)
School administration	1,461,227	-	-	-	(1,461,227)
Business services	305,645	-	-	-	(305,645)
Maintenance and operations	3,328,159	-	-	-	(3,328,159)
Pupil transportation	713,396	-	-	-	(713,396)
Central supporting services	967,136	-	-	-	(967,136)
Community service and other	192,652	-	-	-	(192,652)
Food service operations	1,209,771	141,013	1,091,304	-	22,546
Interest on long-term debt	2,345,624	-	-	-	(2,345,624)
Total governmental activities/ primary government	\$ 27,631,415	\$ 506,917	\$ 5,015,614	\$ -	\$ (22,108,884)
General revenues					
Property taxes levied for:					
General purposes					24,506,152
Debt services					6,630,924
Specific ownership taxes for:					
General purposes					1,450,134
Other revenues					311,120
Earnings on investments					354,354
Total general revenues					33,252,684
Change in net position					11,143,800
Net position at beginning of year					(37,320,858)
Cumulative effect of a change in accounting principle (see note 2)					178,126
Net position at end of year					\$ (25,998,932)

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

Weld County School District RE-8

Balance Sheet

Governmental Funds

June 30, 2020

	General Fund	Bond Redemption Fund	Building Fund	Government Designated Purpose Grants Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash, cash equivalents and investment:	\$ 2,493,796	\$ 7,272,671	\$ 196,390	\$ -	\$ 1,530,278	\$ 11,493,135
Cash with County Treasurer	167,576	2,849,816	-	-	-	3,017,392
Receivables	11,173,735	13,262	-	352,803	51,164	11,590,964
Inventories	-	-	-	-	55,247	55,247
Due from other funds	-	-	389,616	1,435,884	1,254,401	3,079,901
Totals assets	\$ 13,835,107	\$ 10,135,749	\$ 586,006	\$ 1,788,687	\$ 2,891,090	\$ 29,236,639
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	\$ 179,850	\$ -	\$ -	\$ 22,506	\$ 55,004	\$ 257,360
Accrued salaries and benefits	3,017,323	-	-	227,506	67,534	3,312,363
Due to other governments	19,045	-	-	-	-	19,045
Due to other funds	3,060,186	15,805	-	-	-	3,075,991
Total liabilities	6,276,404	15,805	-	250,012	122,538	6,664,759
Deferred inflows of resources						
Deferred revenue	58,076	11,366	-	1,542,875	-	1,612,317
Total deferred inflows of resources	58,076	11,366	-	1,542,875	-	1,612,317
Fund balances						
Nonspendable	-	-	-	-	55,247	55,247
Restricted	889,818	10,108,578	586,006	-	1,509,634	13,094,036
Assigned	632,440	-	-	-	1,203,671	1,836,111
Unassigned	5,978,369	-	-	(4,200)	-	5,974,169
Total fund balances	7,500,627	10,108,578	586,006	(4,200)	2,768,552	20,959,563
Total liabilities, deferred inflows of resources and fund balances	\$ 13,835,107	\$ 10,135,749	\$ 586,006	\$ 1,788,687	\$ 2,891,090	\$ 29,236,639

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

Weld County School District RE-8
Reconciliation of the Governmental Funds
Balance Sheet with the Government-wide Statement of Net Position
June 30, 2020

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

Total fund balances - governmental funds	\$	20,959,563
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported on the fund financial statements.

Capital assets	\$ 100,343,067		
Less: accumulated depreciation	<u>(21,609,708)</u>		78,733,359

Certain deferred revenues are not available to pay current year expenditures and, therefore, are deferred in the funds. This amount represents property taxes that are not available soon enough to pay for current period expenditures.		69,442
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 5,536,028		
Deferred inflows of resources	<u>(27,343,932)</u>		(21,807,904)

Other post employment benefit related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 748,901		
Deferred inflows of resources	<u>(373,479)</u>		375,422

Long-term liabilities, including net pension and net post employment benefit obligations, are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities at year-end consist of:

Bonds payable	\$ (54,775,000)		
Plus: bond premium	(5,888,815)		
Capital leases payable	(258,641)		
Accrued interest payable	(163,155)		
Compensated absences	(93,415)		
Net pension liability	(41,128,009)		
Net other post employment benefit liability	<u>(2,021,779)</u>		(104,328,814)
Total net position of governmental activities		\$	(25,998,932)

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

Weld County School District RE-8
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Bond Redemption Fund	Building Fund	Government Designated Purpose Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Local	\$ 24,771,714	\$ 6,632,226	\$ -	\$ -	\$ 1,875,538	\$ 33,279,478
State	1,380,148	-	-	702,807	25,628	2,108,583
Federal	-	-	-	1,769,277	1,065,676	2,834,953
Grants and contributions	-	-	-	20,953	76,753	97,706
Charges for services	-	-	-	-	141,013	141,013
Earnings on investments	210,897	117,256	26,193	-	8	354,354
Other	311,680	-	-	-	-	311,680
Total revenues	26,674,439	6,749,482	26,193	2,493,037	3,184,616	39,127,767
Expenditures						
Current						
Instruction	16,032,277	-	-	1,628,645	274,337	17,935,259
Supporting services						
Students	1,126,756	-	-	51,988	-	1,178,744
Instructional staff	1,937,656	-	-	533,831	-	2,471,487
General administration	520,050	-	-	32,268	-	552,318
School administration	2,160,093	-	-	-	-	2,160,093
Business services	397,240	-	-	-	-	397,240
Maintenance and operations	3,537,802	-	-	1,912	90,746	3,630,460
Pupil transportation	998,965	-	-	-	-	998,965
Central supporting services	1,159,424	-	-	-	-	1,159,424
Community services and other	37,417	-	-	169,474	-	206,891
Food service operations	-	-	-	-	1,354,210	1,354,210
Debt service						
Principal	-	2,240,000	-	-	71,347	2,311,347
Interest expense	-	2,497,560	-	-	-	2,497,560
Capital outlay	16,881	-	2,223,890	79,119	542,033	2,861,923
Total expenditures	27,924,561	4,737,560	2,223,890	2,497,237	2,332,673	39,715,921
Excess (deficiency) of revenues over expenditures	(1,250,122)	2,011,922	(2,197,697)	(4,200)	851,943	(588,154)
Other financing sources (uses)						
Capital lease proceeds	-	-	-	-	329,988	329,988
Transfers in	-	-	-	-	452,472	452,472
Transfers out	(452,472)	-	-	-	-	(452,472)
Total other financing sources (uses)	(452,472)	-	-	-	782,460	329,988
Net change in fund balances	(1,702,594)	2,011,922	(2,197,697)	(4,200)	1,634,403	(258,166)
Fund balances at beginning of year	9,203,221	8,096,656	2,783,703	-	956,023	21,039,603
Cumulative effect of a change in accounting principle (see Note 2)	-	-	-	-	178,126	178,126
Fund balances at end of year	\$ 7,500,627	\$ 10,108,578	\$ 586,006	\$ (4,200)	\$ 2,768,552	\$ 20,959,563

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

Weld County School District RE-8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances with the Government-wide Statement of Activities
Year Ended June 30, 2020

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

Total net change in fund balances - governmental funds	\$	(258,166)
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Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount that capital outlay exceeded depreciation expense in the current year.

Capital outlay	\$ 2,504,031	
Depreciation expense	<u>(1,216,044)</u>	1,287,987

Accretion of the bond premium is included in the statement of activities against interest expense, but not reflected on the statement of revenues, expenditures and changes in fund balances.		109,620
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Increase in accrued compensated absences liability reflected against expense on the statement of activities and not reflected on the governmental statement of revenues, expenditures and changes in fund balances.		(2,390)
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Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		(329,988)
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Repayments of bond principal and capital leases are recorded as expenditures in the governmental funds, but as reductions in long-term liabilities in the statement of net position and does not affect the statement of activities.		2,311,347
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Decrease in accrued interest payable is reflected against interest expense on the statement of activities, but not reflected on the governmental fund statement of revenues, expenditures and changes in fund balances.		42,316
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Changes in the District's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the cost-sharing defined benefit pension plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		8,055,540
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Changes in the District's net other post employment benefits liability, deferred outflows of resources, and deferred inflows of resources related to the other post employment benefit plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		(72,466)
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Change in net position of governmental activities	\$	11,143,800
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The accompanying notes are an integral part of these financial statements.

Weld County School District RE-8

Statement of Fiduciary Net Position

June 30, 2020

	Private Purpose Trust Fund
Assets	
Cash and cash equivalents	\$ 20,949
Accounts receivable	1,160
Total assets	22,109
Liabilities	
Due to other funds	3,910
Total liabilities	3,910
Net position	
Net position held in trust for scholarships	18,199
Total net position	\$ 18,199

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

Weld County School District RE-8
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	Private Purpose Trust Fund
Additions	
Earnings on investments	\$ 139
Total additions	139
Deductions	
Scholarships and awards	3,273
Change in net position	(3,134)
Net position at beginning of year	21,333
Net position at end of year	\$ 18,199

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

Weld County School District RE-8

Notes to Financial Statements

June 30, 2020

1. Summary of Significant Accounting Policies

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

The financial statements of Weld County School District RE-8 (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s more significant accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s governing board, and either a) the ability to impose its will by the primary government or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The District meets the criteria of a primary government: its District Board of Education is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

The District has examined other entities that could be included as defined in numbers 1 and 2 above. Based on these criteria, the District has no component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. Likewise, the primary government is reported separately from its legally separate component unit. The District does not report any business-type activities.

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

Weld County School District RE-8

Notes to Financial Statements

June 30, 2020

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are recorded when a liability is incurred.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balance present increases and decreases in those categories. These funds use the modified accrual basis of accounting, whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. However due to legislation passed in June 2020, as described in the next paragraph, the District has changed its period of availability to 92 days for fiscal year 2020. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences claims and judgments, are recognized only when payment is due (matured).

On June 14, 2020, Governor Jared Polis signed House Bill 20-1421, Delinquent Interest Payments Property Tax, concerning delinquent interest payments for property tax payments ("HB 20-1421"). HB 20-1421 effectively extended the "due date" for property taxes collected in jurisdictions that approve the provisions of the bill until October 1, 2020. Weld County, Colorado has approved the bill resulting in a delay in the collection of property tax revenues of the District. Accordingly, in response to these unusual circumstances, for the year ended June 30, 2020 the District has adopted a period of availability for property taxes of 92 days, which is a deviation from the District's policy of 60 days.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile the ending net position and the change in net position.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds) and capital projects funds.

The following are the District's major governmental funds:

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

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

Weld County School District RE-8

Notes to Financial Statements

June 30, 2020

Building Fund - The Building Fund is used to account for the resources accumulated for the funding of the District's school improvements and construction of new school buildings.

Government Designated Purpose Grants Fund - The Government Designated Purpose Grants Fund accounts for federal, state, and local grant revenues and the related expenditures.

Additionally, the District reports the following nonmajor governmental funds:

Capital Reserve Fund - The Capital Reserve Fund is used to account for financial resources received to construct capital assets.

Food Service Fund - This special revenue fund is used to account for revenues and expenditures from food service operations.

Pupil Activity Fund - This special revenue fund is used to account for financial transactions related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

Program Reserve Fund - This special revenue fund is used to account for the revenue from a tax levied pursuant to § 22 54 107(5), C.R.S. The District may expend money from the total program reserve fund only to offset the amount of a reduction in the District's state share caused by application of the budget stabilization factor in fiscal years when the district's total program mill plus specific ownership tax revenue is insufficient to cover the district's total program. Any money remaining in the fund at the end of a fiscal year must remain in the fund and may be used in future years only as provided for in this paragraph.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has one private-purpose trust fund, the Private Purpose Trust Fund.

Budgets and Budgetary Accounting

Budgets are adopted by the Board of Education. Annual budgets are adopted on a basis consistent with GAAP.

The District adheres to the following procedures in establishing the budgetary data:

1. Budgets are required by state law for all funds. During May, 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;
2. A public hearing is conducted by the Board of Education to obtain comments;
3. Prior to June 30, the budget is adopted by formal resolution.

Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations. All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board throughout the year.

Weld County School District RE-8

Notes to Financial Statements

June 30, 2020

The following is a summary of the original budget, total revisions and the revised budget for those funds with amended budgets in fiscal year 2020:

	Original Appropriation	Final Appropriation	Change
General Fund	\$ 37,748,323	\$ 32,977,229	\$ (4,771,094)
Government Designated Purpose Grants Fund	2,452,534	2,452,534	-
Bond Redemption Fund	14,705,538	14,711,655	6,117
Capital Reserve Fund	1,060,758	1,354,932	294,174
Building Fund	3,600,682	2,809,495	(791,187)
Food Service Fund	1,565,454	1,571,406	5,952
Program Reserve Fund	-	-	-
Pupil Activity Fund	504,360	503,131	(1,229)
Private Purpose Trust Fund	21,338	21,360	22
Total	\$ 61,658,987	\$ 56,401,742	\$ (5,257,245)

Assets, Liabilities and Fund Balances/Net Position

Cash and Cash Equivalents

The District considers all highly liquid investments of three months or less to be cash and cash equivalents. Cash with fiscal agent is cash in the Building Fund and Cash with the County Treasurer.

Investments

As of June 30, 2020, the District had investments in local government investment pools and certificates of deposit with original maturities greater than three months. Investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Receivables

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at June 30, 2020. Property taxes levied on December 31, but not received by June 30, are identified as property taxes receivable and recorded as revenue if they are collected within 92 days of year end.

Inventories

Inventories consist of purchased and donated food, and non-food supplies. Purchased inventories are stated at the lower of cost or market as determined by the first-in, first-out method. Food donated by the federal government at no cost to the District is stated at cost in accordance with the United States Department of Agriculture ("USDA") furnished price list.

Weld County School District RE-8

Notes to Financial Statements

June 30, 2020

Capital Assets

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed.

Depreciation of capital assets is charged as an expense against operations in the statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Description	Estimated Lives
Buildings and Improvements	20 - 50 Years
Site Improvements	20 Years
Vehicles	6 - 8 Years
Equipment	5 - 15 Years

The payment for capital assets acquired by the District is recorded as expenditures in the fund financial statements in the year of acquisition. Therefore, capital assets used in governmental fund type operations (capital assets) are not accounted for in the individual funds and no depreciation is provided.

Bond Issuance Costs, Premium and Discounts, and Bond Refunding

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method as principal is paid. Bonds payable are reported net of the applicable bond premium and discount. Debt issuance costs are recognized as an expense in the period of issuance.

For bond refundings resulting in the defeasement of debt, the difference between the acquisition price and the net carrying amount of the old debt is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums and discounts on the debt issuance are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Revenues

The District includes Governmental Designated Purpose Grants Funds that have been collected, but the corresponding expenditures has not been incurred, as deferred revenues in the financial statements.

Weld County School District RE-8

Notes to Financial Statements

June 30, 2020

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. Amounts of accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements.

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable and available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources relate to the District's pension and other post-employment benefits ("OPEB") plans. See notes 9 and 10 for further information relating to the District's pension and OPEB amounts.

In addition to liabilities, the statement of net position will sometimes report 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 will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources relate to the District's property taxes, pension and OPEB plans. See notes 9 and 10 for further information relating to the District's pension and OPEB amounts.

Net Position/Fund Balance

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Weld County School District RE-8
Notes to Financial Statements
June 30, 2020

Unrestricted Net Position - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements, enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Education (the "Board"). The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

As of June 30, 2020, fund balances are composed of the following:

Classification	General Fund	Bond Redemption Fund	Building Fund	Designated Purpose Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:	\$ -	\$ -	\$ -	\$ -	\$ 55,247	\$ 55,247
Restricted:						
Emergencies	889,818	-	-	-	-	889,818
Debt service	-	10,108,578	-	-	-	10,108,578
Program reserve	-	-	-	-	1,509,634	1,509,634
Capital projects	-	-	586,006	-	-	586,006
Assigned:						
Insurance premiums	632,440	-	-	-	-	632,440
Capital projects	-	-	-	-	933,229	933,229
Pupil activities	-	-	-	-	269,693	269,693
Food services	-	-	-	-	749	749
Unassigned:	5,978,369	-	-	(4,200)	-	5,974,169
Total fund balances	\$ 7,500,627	\$ 10,108,578	\$ 586,006	\$ (4,200)	\$ 2,768,552	\$ 20,959,563

Weld County School District RE-8

Notes to Financial Statements

June 30, 2020

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.

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*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020.

Other Post-Employment Benefits

The District participates in the Health Care Trust Fund (“HCTF”), a cost-sharing multiple-employer defined benefit OPEB fund administered by 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.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Financial Policies and Procedures

The District believes it is in compliance with applicable state requirements, which includes adherence to the accounting policies and procedures described in the Financial Policies and Procedures Handbook issued by the Colorado Department of Education.

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Notes to Financial Statements
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2. New Accounting Pronouncement

During fiscal year 2020, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The District previously reported the activity of the Student Activity as a fiduciary fund. Beginning in FY2019-2020, the District determined the activity should be reported in a special revenue fund. The result of the implementation of this standard was to increase the net position at the beginning of the fiscal year by \$178,126 in the governmental activities.

3. Cash and Cash Equivalents and Investments

The composition of the District's cash and cash equivalents on June 30, 2020 is as follows:

Cash on Hand	\$ 1,840
Cash with County Treasurer	3,017,392
Deposits	2,053,759
Local government investment pools	9,458,485
Total	\$ 14,531,476

Cash and investments per the government-wide statement of net position and fiduciary fund statements are as follows:

Governmental Activities	\$ 14,510,527
Fiduciary Funds	20,949
Total	\$ 14,531,476

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, C.R.S requires the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State.

The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposit. At June 30, 2020, the District had deposits with financial institutions with a carrying amount of \$2,053,759. The bank balances with the financial institutions were \$2,227,509 of which \$250,937 was covered by federal depository insurance. The remaining balance of \$2,226,572 was collateralized with securities held by the financial institutions' agents but not in the District's name.

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Notes to Financial Statements

June 30, 2020

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of June 30, 2020, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which school Districts may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Obligations of the United States and certain U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

Local Government Investment Pools

At June 30, 2019, the District had invested \$9,458,485 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk

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

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Notes to Financial Statements

June 30, 2020

4. Individual Fund Interfund Receivables/Payables and Transfers

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

As of June 30, 2020, the District had the following interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
Building Fund	General Fund	\$ 389,616
Designated Purposes Grants Fund	General Fund	1,435,884
Other Governmental Funds	General Fund	1,234,686
Other Governmental Funds	Bond Redemption Fund	15,805
Other Governmental Funds	Private Purpose Trust Fund	3,910
Total		\$ 3,079,901

Interfund Transfers

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

During the year ended June 30, 2020, the General Fund transferred \$152,472 to the Food Service Fund to subsidize operations, and \$300,000 to the Capital Reserve Fund to subsidize capital expenditures.

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Notes to Financial Statements

June 30, 2020

5. Capital Assets

Capital asset activity of the District for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in Progress	\$ 51,269,953	\$ 1,983,688	\$ (53,253,641)	\$ -
Total capital assets not being depreciated	51,269,953	1,983,688	(53,253,641)	-
Capital assets, being depreciated:				
Buildings and improvements	41,015,052	53,253,641	-	94,268,693
Site improvements	2,529,222	-	-	2,529,222
Transportation equipment & Vehicles	2,491,546	440,276	-	2,931,822
Other equipment	533,263	80,067	-	613,330
Total capital assets, being depreciated	46,569,083	53,773,984	-	100,343,067
Less accumulated depreciation for:				
Buildings and improvements	(17,090,717)	(877,917)	-	(17,968,634)
Site improvements	(1,292,005)	(70,417)	-	(1,362,422)
Transportation equipment & Vehicles	(1,797,126)	(216,308)	-	(2,013,434)
Other equipment	(213,816)	(51,402)	-	(265,218)
Total accumulated depreciation	(20,393,664)	(1,216,044)	-	(21,609,708)
Total capital assets, being depreciated, net	26,175,419	52,557,940	-	78,733,359
Governmental activities capital assets, net	\$ 77,445,372	\$ 54,541,628	\$ (53,253,641)	\$ 78,733,359

Depreciation is allocated to the following activities on the statement of activities:

Governmental Activities:	
Instruction	\$ 446,398
Maintenance and operations	769,646
Total	\$ 1,216,044

6. Accrued Salaries and Benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from October to September, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2020, for the District were \$3,312,363. These accrued salaries and benefits are reflected as a liability in the accompanying financial statements.

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Notes to Financial Statements
June 30, 2020

7. Long-Term Debt

The following is a summary of changes in long-term debt of the District for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions / Amortizations	Ending Balance	Due Within One Year
General Obligation bonds					
Series 2012/13	\$ 8,730,000		\$ (530,000)	\$ 8,200,000	\$ 540,000
Series 2016, refunding	2,320,000		(870,000)	1,450,000	900,000
Series 2017	45,965,000	-	(840,000)	45,125,000	875,000
Capital leases	-	329,988	(71,347)	258,641	61,011
Compensated absences	91,025	60,590	(58,200)	93,415	-
Unamortized bond premiums	5,998,435	-	(109,620)	5,888,815	-
Total long-term debt	\$63,104,460	\$ 390,578	\$ (2,479,167)	\$ 61,015,871	\$ 2,376,011

The annual requirements to amortize the general obligations bonds outstanding as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 2,315,000	\$ 2,282,738	\$ 4,597,738
2022	2,385,000	2,205,588	4,590,588
2023	2,485,000	2,111,125	4,596,125
2024	2,595,000	1,998,438	4,593,438
2025	2,710,000	1,901,650	4,611,650
2026-2030	15,060,000	7,879,806	22,939,806
2031-2035	18,570,000	4,297,138	22,867,138
2036-2037	8,655,000	438,125	9,093,125
Total	\$ 54,775,000	\$ 23,114,608	\$ 77,889,608

General Obligation Bonds - Series 2012

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

General Obligation Bonds - Series 2013

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

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Notes to Financial Statements

June 30, 2020

General Obligation Bonds - Series 2016 (Refunding)

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

General Obligation Bonds - Series 2017

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

Capital Lease Obligations

During 2020, the District entered into a capital lease purchase agreement with a third party for three school buses. The lease term is five years, requiring annual payments of \$71,347. The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Amount
2021	\$ 71,347
2022	71,347
2023	71,347
2024	71,347
Total minimum lease payments	285,388
Less interest:	(26,747)
Present value of minimum lease payments	\$ 258,641

The buses acquired through the capital lease totaled \$329,988 with accumulated depreciation as of June 30, 2020 of \$41,249.

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Notes to Financial Statements

June 30, 2020

8. Fort Lupton Public and School Library

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

9. Defined Benefit Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the 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 (“CAFR”) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2018. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible

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June 30, 2020

employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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 lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contribution provisions as of June 30, 2020: Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 8.75 percent of their PERA-includable salary during the period of July 1, 2019 through June 30, 2020. Employer contribution requirements are summarized in the table below:

	July 1, 2019 Through June 30, 2020
Employer contribution rate	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	19.38%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute \$225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SCHDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SCHDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, \$225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

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June 30, 2020

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 \$3,752,933 for the year ended June 30, 2020.

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

The net pension liability for the SCHDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2019 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2020, the District reported a liability of \$41,128,009, for its proportionate share of the net pension liability that reflected a reduction for support from the state as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the state as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with District were as follows:

District's proportionate share of the net pension liability	\$41,128,009
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	\$5,216,565
Total	\$46,344,574

At December 31, 2019, the District proportion was 0.27529%, which was an increase of 0.00007 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension income of \$4,312,607 and revenue of \$395,105 for support from the state as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,241,504	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,872,022
Changes of assumptions or other inputs	1,174,142	18,665,276
Changes in proportionate share	-	3,806,634
District contributions subsequent to the measurement date	2,120,382	-
	\$ 5,536,028	\$ 27,343,932

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Notes to Financial Statements

June 30, 2020

The \$2,120,382 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, 2021. 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,	Amortization
2021	\$ (13,568,904)
2022	(9,018,208)
2023	316,144
2024	(1,657,318)
	\$ (23,928,286)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic) ¹	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

¹ For 2019, the annual increase was 0.00 percent.

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.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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Notes to Financial Statements

June 30, 2020

The actuarial assumptions used in the December 31, 2018, valuation 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.

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	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 percent.

Discount rate. The discount rate used to measure the total pension 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:

- 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 percent.

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June 30, 2020

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include the 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 reflect 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.
- As specified in law, the State provides an annual direct distribution of \$225 million, which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 54,544,546	\$ 41,128,009	\$ 29,863,657

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Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

10. Defined Benefit Other Post Employment Benefit Plan

General Information about the OPEB Plan

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, 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.

Benefits provided. The HCTF provides a healthcare 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 healthcare 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 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 healthcare 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% 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

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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.

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% 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 \$197,522 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$2,021,779 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The District's proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the District's proportion was 0.17987%, which was an increase of 0.0005 from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense \$883,809. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,709	\$ 339,733
Net difference between projected and actual investment earnings	-	33,746
Changes of assumptions or other inputs	16,773	-
Changes in proportionate share	613,820	-
District contributions subsequent to the measurement date	111,599	-
	\$ 748,901	\$ 373,479

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The \$111,599 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, 2021. 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,	Amortization
2021	\$ 72,375
2022	72,379
2023	87,634
2024	82,693
2025	(48,025)
Thereafter	(3,233)
	\$ 263,823

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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.

The actuarial assumptions used in the December 31, 2018, valuation 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 capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

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In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	\$605	\$237

The 2019 Medicare Part A premium is \$437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	\$571

All costs are subject to the health care cost trend rates, as discussed below.

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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.

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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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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 the 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.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 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 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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 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.

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 percent.

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:

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	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$1,973,753	\$ 2,021,779	\$2,077,277

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, 2019, 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 percent.
- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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%, 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net OPEB liability	\$ 2,286,028	\$ 2,021,779	\$ 1,795,791

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

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11. Risk Management

The District belongs to the Colorado School Districts Self-Insurance Pool (the "Pool") that was formed in 1981 to give individual 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 the Pool is property, crime, general liability, auto liability and physical damage, and errors and omissions. The Board of Directors is composed of seven persons who are District school board members, superintendents or District business officials. The Pool became self-administered in May 1997, and currently has eleven employees.

Each member's premium contribution is determined by the Pool based on factors including, but not limited to, the aggregate Pool 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 actuary study is conducted annually. These reports may be obtained by contacting the Pool's administrative offices at 6857 South Spruce Street, Centennial, Colorado 80112.

12. Commitments and Contingencies

Self-Insurance Pool

As discussed in Note 11, the District is a member of the Colorado School Districts Self-insurance Pool. The Pool 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 presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the District's financial statements.

Grant Programs

The District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020, may be impaired. 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.

Litigation

The District is subject to claims and litigation from outside parties in the ordinary course of operations. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

13. Tax, Spending, and Debt Limitations

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financial sources such as the federal funds,

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gifts, property sales, fund transfers, damage awards, and fund reserve (balance). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). At June 30, 2020, the District’s reserve of \$889,818 was reported as a restriction of fund balance in the General Fund.

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

14. Violation of State Statutes

During the year ended June 30, 2020, expenditures exceeded budgeted appropriations by \$44,703 in the Government Designated Purpose Grants Fund, which may be in violation of state statutes. In addition, this fund had a negative fund balance of \$4,200 at June 30, 2020.

15. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 Outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

The District’s operations are heavily dependent on State and Federal funding, based on student headcounts, which the funding may decrease as a result of COVID-19. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national, regional, or statewide economic slowdown. This situation has not depressed State or Federal funding during fiscal year 2020, but these funding sources may depress in the future.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.” The CARES Act, among other things, includes provisions appropriating funds from programs of the United States Department of the Treasury and Department of Education to be used to make payments for specified uses to states and certain local governments.

The District continues to examine the impact that the CARES Act may have on its operations. As of June 30, 2020, the District received federal funding awards under the CARES Act in the amount of \$1,530,752. The District spent \$195,333 of this funding during fiscal year 2020; the remaining amount of \$1,335,419 is recorded as unearned revenue.

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16. Subsequent Events

Management of the District has evaluated subsequent events through March 24, 2021, the date these financial statements were available to be issued. Based on this evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

Required Supplementary Information

Weld County School District RE-8
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local	\$ 28,383,305	\$ 23,640,698	\$ 24,771,714	\$ 1,131,016
State	243,009	-	1,380,148	1,380,148
Other	43,000	253,400	311,680	58,280
Earnings on investments	-	-	210,897	210,897
Total revenues	28,669,314	23,894,098	26,674,439	2,780,341
Expenditures				
Current				
Instruction	16,133,769	15,858,696	16,032,277	(173,581)
Supporting services				
Students	1,210,655	1,127,724	1,126,756	968
Instructional staff	1,160,132	1,118,683	1,937,656	(818,973)
General administration	813,335	779,067	520,050	259,017
School administration	2,325,543	2,324,783	2,160,093	164,690
Business services	418,002	425,827	397,240	28,587
Maintenance and operations	3,836,023	3,250,930	3,537,802	(286,872)
Pupil transportation	1,379,744	1,329,363	998,965	330,398
Central supporting services	1,618,956	1,182,056	1,159,424	22,632
Community services and other	4,200	28,280	37,417	(9,137)
Capital outlay	5,000	-	16,881	(16,881)
Reserves	6,164,998	4,756,695	-	4,756,695
Total expenditures	35,070,357	32,182,104	27,924,561	4,257,543
Excess (deficiency) of revenues over expenditures	(6,401,043)	(8,288,006)	(1,250,122)	7,037,884
Other financing uses				
Transfers out	(2,677,966)	(795,125)	(452,472)	342,653
Total other financing uses	(2,677,966)	(795,125)	(452,472)	342,653
Net change in fund balance	(9,079,009)	(9,083,131)	(1,702,594)	7,380,537
Fund balance at beginning of year	9,079,009	9,083,131	9,203,221	120,090
Fund balance at end of year	\$ -	\$ -	\$ 7,500,627	\$ 7,500,627

See accompanying Independent Auditor's Report.

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Budgetary Comparison Schedule
Government Designated Purpose Grants Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget Positive (Negative)
Revenues				
Federal	\$ 1,601,297	\$ 1,601,297	\$ 1,769,277	\$ 167,980
State	831,904	831,904	702,807	(129,097)
Local	19,333	19,333	-	(19,333)
Grants and contributions	-	-	20,953	20,953
Total revenues	2,452,534	2,452,534	2,493,037	40,503
Expenditures				
Current				
Instruction	1,597,524	1,597,524	1,628,645	(31,121)
Supporting services				
Students	330,190	330,190	51,988	278,202
Instructional staff	511,465	511,465	533,831	(22,366)
General administration	13,355	13,355	32,268	(18,913)
Maintenance and operations	-	-	1,912	(1,912)
Community services and other	-	-	169,474	(169,474)
Capital outlay	-	-	79,119	(79,119)
Total expenditures	2,452,534	2,452,534	2,497,237	(44,703)
Net change in fund balance	-	-	(4,200)	(4,200)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ (4,200)	\$ (4,200)

See accompanying Independent Auditor's Report.

Weld County School District RE-8 **Schedule of the District's Proportionate Share of the Net Pension Liability**

Last Ten Years

December 31,	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.2753%	0.2684%	0.3117%	0.3210%	0.3199%	0.3262%	0.3262%
District's proportionate share of the net pension liability	\$ 41,128,009	\$ 47,521,878	\$ 100,786,731	\$ 95,517,225	\$ 48,920,237	\$ 43,056,888	\$ 41,611,861
State's proportionate share of the net pension liability associated with the	\$ 5,216,565	\$ 6,497,597	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 46,344,574	\$ 54,019,475	\$ 100,786,731	\$ 95,517,225	\$ 48,920,237	\$ 43,056,888	\$ 41,611,861
District's covered payroll	\$ 16,173,509	\$ 14,754,189	\$ 14,377,497	\$ 14,400,841	\$ 13,939,399	\$ 13,308,692	\$ 13,151,784
District's proportionate share of the net pension liability as a percentage of its covered payroll	254.29%	322.09%	701.00%	663.28%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.13%	59.16%	62.84%	64.07%

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

** A direction distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Schedule of District Contributions - Pension

Last Ten Years

Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily Required Contribution	\$ 3,752,933	\$ 2,926,618	\$ 2,701,731	\$ 2,835,891	\$ 2,519,204	\$ 2,285,515	\$ 2,116,465	\$ 1,946,617
Contributions in Relation to the								
Statutorily Required Contribution	3,752,933	2,926,618	2,701,731	2,835,891	2,519,204	2,285,515	2,116,465	1,946,617
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 19,364,982	\$ 15,298,581	\$ 14,377,497	\$ 14,621,903	\$ 14,210,929	\$ 13,538,972	\$ 13,248,391	\$ 12,908,385
Contributions as a Percentage of								
Covered Payroll	19.38%	19.13%	18.79%	19.39%	17.73%	16.88%	15.98%	15.08%
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years								

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Schedule of the District's Proportionate Share of the Net OPEB Liability
Last Ten Years

December 31,	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.1799%	0.1744%	0.1771%	0.1824%
District's proportionate share of the net OPEB liability \$	2,021,779	\$ 2,373,394	\$ 2,301,542	\$ 2,364,185
District's covered payroll	\$ 16,173,509	\$ 14,754,189	\$ 14,377,497	\$ 14,400,841
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Schedule of District Contributions - OPEB
Last Ten Years

Years Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily Required Contribution	\$ 197,523	\$ 156,047	\$ 145,949	\$ 149,144	\$ 144,951	\$ 138,098	\$ 135,134	\$ 131,666
Contributions in Relation to the Statutorily Required Contribution	197,523	156,047	145,949	149,144	144,951	138,098	135,134	131,666
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 19,364,982	\$ 15,298,581	\$ 14,377,497	\$ 14,621,903	\$ 14,210,929	\$ 13,538,972	\$ 13,248,391	\$ 12,908,385
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

See accompanying Independent Auditor's Report.

Other Supplementary Information

Weld County School District RE-8
Budgetary Comparison Schedule
Bond Redemption Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Local	\$ 6,595,000	\$ 6,595,000	\$ 6,632,226	\$ 37,226
Earnings on investments	20,000	20,000	117,256	97,256
Total revenues	6,615,000	6,615,000	6,749,482	134,482
Expenditures				
Debt service				
Principal	2,315,000	2,315,000	2,240,000	75,000
Interest expense	2,435,637	2,435,637	2,497,560	(61,923)
Reserves	9,954,901	9,961,018	-	9,961,018
Total expenditures	14,705,538	14,711,655	4,737,560	9,974,095
Net change in fund balance	(8,090,538)	(8,096,655)	2,011,922	10,108,577
Fund balance at beginning of year	8,090,538	8,096,655	8,096,656	1
Fund balance at end of year	\$ -	\$ -	\$ 10,108,578	\$ 10,108,578

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Budgetary Comparison Schedule
Building Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Earnings on investments	\$ 150,000	\$ 75,000	26,193	\$ (48,807)
Total revenues	150,000	75,000	26,193	(48,807)
Expenditures				
Capital outlay	3,600,682	2,809,495	2,223,890	585,605
Total expenditures	3,600,682	2,809,495	2,223,890	585,605
Net change in fund balance	(3,450,682)	(2,734,495)	(2,197,697)	536,798
Fund balance at beginning of year	3,450,682	2,734,495	2,783,703	49,208
Fund balance at end of year	\$ -	\$ -	\$ 586,006	\$ 586,006

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	Capital Reserve Fund	Food Service Fund	Pupil Activity Fund	Program Reserve Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ 5,631	\$ 15,013	\$ 1,509,634	\$ 1,530,278
Grants receivable	-	51,164	-	-	51,164
Due from other funds	940,774	58,922	254,705	-	1,254,401
Inventories	-	55,247	-	-	55,247
Total assets	\$ 940,774	\$ 170,964	\$ 269,718	\$ 1,509,634	\$ 2,891,090
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 7,545	\$ 47,434	\$ 25	\$ -	\$ 55,004
Accrued salaries and benefits	-	67,534	-	-	67,534
Total liabilities	7,545	114,968	25	-	122,538
Fund balances					
Nonspendable	-	55,247	-	-	55,247
Restricted	-	-	-	1,509,634	1,509,634
Assigned	933,229	749	269,693	-	1,203,671
Total fund balances	933,229	55,996	269,693	1,509,634	2,768,552
Total liabilities, deferred inflows of resources and fund balances	\$ 940,774	\$ 170,964	\$ 269,718	\$ 1,509,634	\$ 2,891,090

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2020

	Capital Reserve Fund	Food Service Fund	Pupil Activity Fund	Program Reserve Fund	Total Nonmajor Governmental Funds
Revenues					
Federal	\$ -	\$ 1,065,676	\$ -	\$ -	\$ 1,065,676
State	-	25,628	-	-	25,628
Local	-	-	365,904	1,509,634	1,875,538
Grants and contributions	76,753	-	-	-	76,753
Charges for services	-	141,013	-	-	141,013
Earnings on investments	-	8	-	-	8
Total revenues	76,753	1,232,325	365,904	1,509,634	3,184,616
Expenditures					
Current					
Instruction	-	-	274,337	-	274,337
Supporting services					
Maintenance and operations	90,746	-	-	-	90,746
Debt service:					
Principal	71,347	-	-	-	71,347
Interest	-	-	-	-	-
Food service operations	-	1,354,210	-	-	1,354,210
Capital outlay	531,491	10,542	-	-	542,033
Total expenditures	693,584	1,364,752	274,337	-	2,332,673
Excess (deficiency) of revenues over expenditures	(616,831)	(132,427)	91,567	1,509,634	851,943
Other financing sources					
Capital lease proceeds	329,988	-	-	-	329,988
Transfers in	300,000	152,472	-	-	452,472
Total other financing sources	629,988	152,472	-	-	782,460
Net change in fund balances	13,157	20,045	91,567	1,509,634	1,634,403
Fund balances at beginning of year	920,072	35,951	-	-	956,023
Cumulative effect of a change in accounting principle (see Note 2)	-	-	178,126	-	178,126
Fund balances at end of year	\$ 933,229	\$ 55,996	\$ 269,693	\$ 1,509,634	\$ 2,768,552

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Budgetary Comparison Schedule
Capital Reserve Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
State	\$ -	\$ 92,861	\$ 76,753	\$ (16,108)
Total revenues	-	92,861	76,753	(16,108)
Expenditures				
Current				
Capital outlay	\$ 112,000	\$ 222,300	\$ 531,491	\$ (309,191)
Debt service:				
Principal	-	67,000	71,347	(4,347)
Interest	-	5,000	-	5,000
Operations and Maintenance	238,000	208,000	90,746	117,254
Reserves	710,758	852,632	-	852,632
Total expenditures	1,060,758	1,354,932	693,584	661,348
Deficiency of revenues over expenditures	(1,060,758)	(1,220,071)	(616,831)	645,240
Other financing sources				
Capital lease proceeds	-	-	329,988	329,988
Transfers in	300,000	300,000	300,000	-
Total other financing sources	300,000	300,000	629,988	329,988
Net change in fund balance	(760,758)	(920,071)	13,157	975,228
Fund balance at beginning of year	760,758	920,071	920,072	1
Fund balance at end of year	\$ -	\$ -	\$ 933,229	\$ 975,229

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Budgetary Comparison Schedule
Food Service Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Charges for Services:				
Food sales	\$ 195,829	\$ 195,829	\$ 141,013	\$ (54,816)
Earnings on investments	-	-	8	8
State Sources	20,500	20,500	25,628	5,128
Federal Sources:				
School breakfast program	240,000	240,000	246,521	6,521
National school lunch program	490,000	490,000	748,163	258,163
Summer food program	19,000	19,000	6,674	(12,326)
Donated commodities	75,000	75,000	64,318	(10,682)
Total revenues	1,040,329	1,040,329	1,232,325	191,996
Expenditures				
Salaries	298,707	298,707	271,451	27,256
Benefits	184,097	184,097	177,108	6,989
Purchased services	362,450	362,450	360,924	1,526
Supplies and materials	665,200	665,200	544,727	120,473
Capital outlay	25,000	25,000	10,542	14,458
Reserves	30,000	35,952	-	35,952
Total expenditures	1,565,454	1,571,406	1,364,752	206,654
Deficiency of revenues over expenditures	(525,125)	(531,077)	(132,427)	398,650
Other financing sources				
Transfers in	525,125	495,125	152,472	(342,653)
Total other financing sources	525,125	495,125	152,472	(342,653)
Net change in fund balance	-	(35,952)	20,045	55,997
Fund balance at beginning of year	-	35,952	35,951	(1)
Fund balance at end of year	\$ -	\$ -	\$ 55,996	\$ 55,996

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Budgetary Comparison Schedule
Pupil Activity Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Local	\$ 325,005	\$ 325,005	\$ 365,904	\$ 40,899
Total revenues	325,005	325,005	365,904	40,899
Expenditures				
Current				
Instruction	325,000	325,000	274,337	50,663
Reserves	179,360	178,131	-	178,131
Total expenditures	504,360	503,131	274,337	228,794
Net change in fund balance	(179,355)	(178,126)	91,567	269,693
Fund balance at beginning of year	179,355	178,126	178,126	-
Fund balance at end of year	\$ -	\$ -	\$ 269,693	\$ 269,693

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Budgetary Comparison Schedule
Program Reserve Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Local	\$ -	\$ -	\$ 1,509,634	\$ 1,509,634
Total revenues	-	-	1,509,634	1,509,634
Excess of revenues over expenditures	-	-	1,509,634	1,509,634
Other financing sources				
Transfers in	2,377,966	-	-	-
Total other financing sources	2,377,966	-	-	-
Net change in fund balance	2,377,966	-	1,509,634	1,509,634
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 2,377,966	\$ -	\$ 1,509,634	\$ 1,509,634

See accompanying Independent Auditor's Report.

Weld County School District RE-8
Budgetary Comparison Schedule
Private Purpose Trust Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Additions				
Earnings on investments	\$ 18	\$ 28	\$ 139	\$ 111
Total additions	18	28	139	111
Deductions				
Scholarships and awards	3,750	2,550	3,273	(723)
Reserves	17,588	18,810	-	18,810
Total deductions	21,338	21,360	3,273	18,087
Change in net position	(21,320)	(21,332)	(3,134)	18,198
Net position at beginning of year	21,320	21,332	21,333	1
Net position at end of year	\$ -	\$ -	\$ 18,199	\$ 18,199

See accompanying Independent Auditor's Report.



Colorado Department of Education

Auditors Integrity Report

District: 3140 - Weld Re-8 Schools

Fiscal Year 2019-20

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	8,432,684		24,321,236	25,885,735		6,868,186
18 Risk Mgmt Sub-Fund of General Fund	770,537		674,086	812,183		632,440
19 Colorado Preschool Program Fund	0		1,226,644	1,226,644		0
Sub-Total	9,203,222		26,221,965	27,924,561		7,500,626
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
07 Total Program Reserve Fund	0		1,509,637	0		1,509,637
21 Food Service Spec Revenue Fund	35,951		1,384,794	1,364,749		55,997
22 Govt Designated-Purpose Grants Fund	0		2,497,236	2,497,236		0
23 Pupil Activity Special Revenue Fund	178,126		365,907	274,335		269,698
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	8,096,656		6,749,481	4,737,558		10,108,579
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	2,783,703		26,194	2,223,890		586,007
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	920,072		706,741	693,583		933,229
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	21,217,730		39,461,955	39,715,913		20,963,773
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	21,333		139	3,274		18,198
73 Agency Fund	0		0	0		0
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	21,333		139	3,274		18,198
			FINAL			

Reports to Governmental Agencies



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

Board of Education
Weld Country School District RE-8
Fort Lupton, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Weld County School District RE-8 (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Weld County School District RE-8's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BDO USA, LLP

March 24, 2021



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

Board of Education
Weld County School District RE-8
Fort Lupton, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Weld County School District RE-8's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and condition of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

March 24, 2021

Weld County School District RE-8
Schedule of Findings and Questioned Costs
June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major programs:

CFDA/Contract Number

21.019
84.027
84.173

Name of Federal Program or Cluster

Coronavirus Relief Fund
Special Education - Grants to States
Special Education - Preschool Grants

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

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

Weld County School District RE-8
Schedule of Findings and Questioned Costs
June 30, 2020

Section II - Financial Statement Findings

2020-001 - Material Adjusting Journal Entries

Material Weakness in Internal Control over Financial Reporting

Criteria: Significant or unusual transactions should be subject to a detailed review process prior to the annual audit.

Condition: As part of our testing procedures, we noted the proceeds and capital outlay for busses acquired through a capital lease were not appropriately recorded. The incorrect recording of the capital lease resulted in a material adjusting entry.

Questioned Costs: None.

Effect: Failure to complete a detailed review over significant or unusual transactions may result in material misstatements in the District's the financial statements.

Cause: Relevant accounting and financial reporting standards were incorrectly applied when recording the capital lease. Additionally, management's review of the financial statements was not to ensure transactions were accounted for in accordance with GAAP was not sufficient to identify the error.

Recommendation: We recommend the District identify any significant or unusual transactions and perform a detailed review of the accounting treatment prior to the annual audit.

Views of Responsible Officials and Planned Corrective Actions: The District concurs with the finding. Management proposes significant or unusual transactions will be identified and subject to a detailed review by someone other than the originator.

Section III - Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Weld County School District RE-8
Schedule of Prior Year Findings and Questioned Costs
June 30, 2020

Section IV - Status of Prior Year Findings

2019-001 - Material Adjusting Journal Entries

Material Weakness in Internal Control over Financial Reporting

Condition: During the course of our fieldwork we proposed a number of material adjustments to the District's accounting records.

Current Year Status: This finding related to material journal entries was repeated during the current year. See finding 2020-001.

2019-002 - Checks Printed with Authorized Signatures

Significant Deficiency in Internal Control over Financial Reporting

Condition: During internal control walkthroughs, it was noted checks were printed with authorized signatures.

Current Year Status: This finding has been corrected in the current year.

2019-003 - Segregation of Duties

Significant Deficiency in Internal Control over Financial Reporting

Condition: During audit procedures, ACM noted that all employees of Business Services have the ability to initiate, approve, and post journal entries. Additionally, all members have the ability to print signed checks.

Current Year Status: This finding has been corrected in the current year.



Administration Office

Weld County School District RE-8

200 South Fulton Avenue
Fort Lupton, Colorado 80621

Ph: 303-857-3200
Fax: 303-857-3219
Web Site: www.weld8.org

2020-001 - Material Adjusting Journal Entries Material Weakness in Internal Control over Financial Reporting

Criteria: Significant or unusual transactions should be subject to a detailed review process prior to the annual audit.

Condition: As part of our testing procedures, we noted the proceeds and capital outlay for busses acquired through a capital lease were not appropriately recorded. The incorrect recording of the capital lease resulted in a material adjusting entry.

Questioned Costs: None.

Effect: Failure to complete a detailed review over significant or unusual transactions may result in material misstatements in the District's the financial statements.

Cause: Relevant accounting and financial reporting standards were incorrectly applied when recording the capital lease. Additionally, management's review of the financial statements was not to ensure transactions were accounted for in accordance with GAAP was not sufficient to identify the error.

Recommendation: We recommend the District identify any significant or unusual transactions and perform a detailed review of the accounting treatment prior to the annual audit.

Views of Responsible Officials and Planned Corrective Actions: The District concurs with the finding. Management proposes significant or unusual transactions will be identified and subject to a detailed review by someone other than the originator.

District Responsible Party: Jessica Holbrook

District Planned Implementation Date: 04/01/2021

Weld County School District RE-8
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	FY20 Expenditures
U.S. Department of Agriculture			
Passed through Colorado Department of Education:			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	4553	\$ 246,521
National School Lunch Program	10.555	4555	508,869
Summer Food Service Program for Children	10.559	4559	201,709
Child Nutrition Cluster subtotal			957,099
Total U.S. Department of Agriculture			957,099
U.S. Department of Education			
Passed through Colorado Department of Education:			
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States	84.027	4027	870,173
Special Education - Preschool Grants	84.173	4173	22,924
Special Education Cluster Subtotal			893,097
Title I Grants to Local Educational Agencies	84.010	4010	456,599
English Language Acquisition State Grants	84.365	4365	41,413
Improving Teacher Quality State Grants	84.367	4367	74,704
Career and Technical Education - Basic Grants to States	84.048	4048	22,980
Student Support and Academic Enrichment Program	84.424	4424	28,669
Total U.S. Department of Education			1,517,462
U.S. Department of Treasury			
Passed through Colorado Department of Education:			
Coronavirus Relief Fund	21.019	4012	195,333
Total U.S. Department of Treasury			195,333
Total Expenditures of Federal Awards			\$ 2,669,894

See accompanying Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

Weld County School District RE-8
Notes to Schedule of Expenditures of Federal Awards
June 30, 2010

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Weld County School District RE-8 (the "District") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allocable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

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

4. Subrecipients

There were no subrecipients of federal awards during the year ended June 30, 2020.