



FINANCIAL REPORT

Year Ended June 30, 2020



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Weld County School District RE-3(J), as of and for the year ended June 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Weld County School District RE-3(J) as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted the provisions of GASB Statement No. 84 *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was made for the purpose of forming opinions on the basic financial statements taken as a whole. The combining statements and individual fund financial statements and schedules on pages 54-67 and the Schedule of Expenditures of Federal Awards required by *Title 2 U.S. Code of Federal Regulations Part 200* on page 68 and the Auditors' Integrity Report figures on page 75 are presented for the purposes of additional analysis, and are not a required part of the basic financial statements of Weld County School District RE-3(J). Such information is the responsibility of the management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of Weld County School District RE-3(J)'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Anderson & Whitney, P.C.

December 4, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of Weld County School District RE-3(J) (the District) for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's liabilities exceed assets by \$2 million at June 30, 2020. This deficit is caused by the Colorado PERA net pension liability of approximately \$33 million, and the Colorado PERA post-employment benefit liability of \$1.6 million, which is now required to be presented.
- The General Fund balance was \$10.59 million as of June 30, 2020. Of this amount, \$1.1 million is reserved for emergencies.
- The June 30, 2020 General Fund balance is \$1.55 million more than the previous year-end. The total fund balance is 37% of 2020 General Fund operating expenditures plus operating transfers.
- The Debt Service Fund has a fund balance of \$6.37 million as of June 30, 2020. This balance is a debt service reserve.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 12 and 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 48 of this report.

Budgetary Comparisons. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund on pages 56 to 59 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2020, liabilities exceed assets by \$2.1 million.

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

June 30	2020	2019
	Governmental Activities	Governmental Activities
Assets		
Current and other assets	\$ 25,484,768	\$ 27,470,867
Capital assets	103,918,762	103,441,746
Total assets	129,403,530	130,912,613
Deferred Outflows of Resources	5,684,597	15,010,182
Liabilities		
Current and other liabilities	7,291,524	6,974,731
Long-term liabilities	110,853,471	120,737,927
Total liabilities	118,144,995	127,712,658
Deferred Inflows of Resources	19,113,334	24,229,042
Net Position		
Net investment in capital assets	27,845,095	28,464,321
Restricted	8,510,544	7,775,529
Unrestricted	(38,525,841)	(42,258,755)
Total net position (deficit)	\$ (2,170,202)	\$ (6,018,905)

A significant portion of the District's net position represents an unrestricted net deficit of \$38,525,841 which may be used to meet the District's ongoing obligations to students and patrons.

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

An additional \$8,510,544 of the District's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR emergency reserves of \$1,104,598, \$6,370,870 in reserves for debt service, \$319,200 in multi-year contract reserves, \$227,372 in non-expendable funds, \$478,749 for student activities and \$9,755 for preschool.

The following table indicates the changes in net position:

Years Ended June 30	2020	2019
	Governmental Activities	Governmental Activities
Revenues:		
Program revenues:		
Charges for services	\$ 263,140	\$ 257,163
Operating grants	5,762,750	5,854,134
General revenues:		
Property taxes	27,974,344	24,307,856
State equalization	4,643,606	4,659,901
Investment earnings	583,921	1,949,250
Total revenues	39,227,761	37,028,304
Expenses:		
Instruction	19,853,365	14,560,378
Student services	4,010,292	3,165,219
Administrative services	4,308,649	4,240,652
Pupil transportation	1,217,882	1,222,550
Operations and maintenance	3,393,831	3,278,384
Interest and costs on long-term debt	2,695,187	3,000,265
Student activities	282,853	--
Total expenses	35,762,059	29,467,448
Increase (decrease) in net position	\$ 3,465,702	\$ 7,560,856

Governmental Activities. Governmental activities increased the District's net position by \$3,465,702 in 2020. Key elements of this increase are as follows:

- Total revenues increased about 6% compared to the prior year, primarily due to enrollment growth and higher mill-levy override revenues.
- Expenses increased about 21% from the previous year, due to much increased instruction expense due to the COVID pandemic and salary increases.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2020, the total fund balances of the District's governmental funds were \$20,223,244. Approximately 31% of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is reserved or assigned to indicate that it is not available for new spending because it is for the following purposes: (1) a state-constitution mandated emergency reserve (\$1,104,598); (2) multi-year obligations (\$319,200); (3) debt service (\$6,370,870); (4) permanent and non-expendable funds (\$227,372); (5) contingencies (\$2,894,088); (6) capital outlay (\$918,604 and \$1,669,523); (7) Preschool (\$9,755); and (8) Student activities (\$478,749).

The District has four major governmental funds. These are the General Fund, Capital Projects Fund, Capital Reserve Projects Fund and the Debt Service Fund.

1. **General Fund.** This is the primary operating fund of the District. It accounts for the District's core services, such as instruction and student services. The General Fund balance was \$10,558,126 as of June 30, 2020. The 2020 fund balance is \$1,556,520 more than the previous year.
2. **Capital Projects Fund.** The Capital Projects Fund accounts for the receipt and spending of the proceeds of bond proceeds restricted for certain capital purposes. The fund balance decreased \$4.66 million from construction projects.
3. **Capital Reserve Projects Fund.** The Capital Reserve Projects Fund accounts for the receipt and spending of certain resources used for equipment purchases. The fund balance increased \$244,224.
4. **Debt Service Fund.** This is the fund which receives bond redemption property taxes and made bond payments of \$5.9 million during the year. The fund balance increased \$85,909 during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

2020 General Fund

	Final Budget	Actual
Beginning Fund Balance	\$ 9,001,606	\$ 9,001,606
Revenue	29,034,565	30,213,198
Expenditures	(31,815,415)	(27,557,745)
Transfers	(999,936)	(999,936)
Ending Fund Balance	\$ 5,220,820	\$ 10,657,123

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental type activities as of June 30, 2020 totals \$103 million (net of accumulated depreciation). This investment includes all land, buildings, and equipment. The total increase in investment in capital assets for the current year was \$477 thousand, due to various large construction projects largely ending last year.

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

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

Long-term Debt. At June 30, 2020, the District had \$72.4 million of bonds payable, primarily funded from a bond redemption property tax. Additional information on the District's debt can be found in Note 5.

OTHER MATTERS

The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2021 budget:

- Several construction projects were completed with the proceeds of the 2016 bond election.
- Expected long-term growth in the District's enrollment causes increased demands in all service areas of the District, especially in instruction and student services.
- The State of Colorado's budget shortfall has led to a number of grant programs being reduced or costs shifted to the District.
- Please see page 22 for a description of the anticipated impacts from the Senate Bill 18-200 which modified Colorado PERA to potentially reach a fully funded status over time.
- Expected short term declines at the state and District level for student enrollment as a result of the pandemic declared in March 2020.
- An extension of the mill levy override approved by the District's voters in 2016 was approved in the 2020 election.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Weld County School District RE-3(J) finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, P.O. Box 1022, Hudson, Colorado 80642.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

STATEMENT OF NET POSITION

June 30, 2020	Governmental Activities	Charter School
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 11,776,382	\$ 1,520,444
Receivables	8,507,066	101,311
Total Current Assets	20,283,448	1,621,755
Noncurrent Assets:		
Investments - restricted	5,202,239	-
Capital assets	122,920,863	4,307,639
Less: Accumulated depreciation	(19,002,101)	(964,951)
Total Noncurrent Assets	109,121,001	3,342,688
TOTAL ASSETS	129,404,449	4,964,443
Deferred Outflows of Resources:		
Other postemployment benefits	34,324	-
Pension plan	5,650,273	208,636
Total Deferred Outflows of Resources	5,684,597	208,636
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	1,181,486	21,172
Accrued salaries and benefits	2,691,352	69,251
Unearned revenue	1,289,688	98,997
Current portion of long-term debt	2,030,000	26,405
Total Current Liabilities	7,192,526	215,825
Noncurrent Liabilities:		
Bonds payable	68,650,000	189,970
Bonds payable - premium	7,063,190	-
Accrued sick leave	586,761	-
Net postemployment benefits liability	1,685,997	101,160
Net pension liability	32,867,523	2,240,967
Total Liabilities	118,045,997	2,747,922
Deferred Inflows of Resources:		
Other postemployment benefits	311,452	-
Pension plan	18,801,882	1,217,971
Total Deferred Inflows of Resources	19,113,334	1,217,971
<u>NET POSITION</u>		
Net investment in capital assets	27,845,095	3,126,313
Restricted for:		
Debt service	6,370,870	-
Capital outlay	-	-
Emergencies and multi-year obligations	1,423,798	59,926
Preschool	9,755	-
Nonexpendable	228,292	-
Student activities	478,749	-
Unrestricted	(38,426,844)	(1,979,053)
TOTAL NET POSITION (DEFICIT)	\$ (2,070,285)	\$ 1,207,186

See Accompanying Notes to Financial Statements

WELD COUNTY SCHOOL DISTRICT RE-3(J)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020	Expenses	Charges for Services
Functions/Programs:		
Governmental activities:		
Instruction	\$ 19,754,368	\$ -
Support services:		
Pupils	1,610,821	-
Instructional support	2,398,551	-
General administration	2,626,613	-
School administration	1,682,036	-
Operations and maintenance	3,393,831	-
Pupil transportation	1,217,882	-
Student activities	282,853	-
Interest and costs on long-term debt	2,695,187	-
Total Support Services	15,907,774	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 35,662,142	\$ -
Component Unit:		
Charter School	1,522,635	-
General Revenues:		
State equalization		
Property taxes		
Specific ownership tax		
Investment earnings		
Changes in Net Position		
Net Position - Beginning		
NET POSITION - Ending		

See Accompanying Notes to Financial Statements.

Program	Revenues		Net (Expense) Revenue and Changes in Net Position	
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Charter School
\$ 5,762,750	\$ -	\$ (13,991,618)	\$ -	
-	-	(1,610,821)	-	
-	-	(2,398,551)	-	
-	-	(2,626,613)	-	
-	-	(1,682,036)	-	
-	-	(3,393,831)	-	
263,140	-	(954,742)	-	
-	-	(282,853)	-	
-	-	(2,695,187)	-	
263,140	-	(15,644,634)	-	
\$ 6,025,890	\$ -	\$ (29,636,252)	\$ -	
175,954	52,423		(1,294,258)	
		4,643,606	1,536,182	
		26,582,368	359,227	
		1,391,976	-	
		583,921	13,264	
		33,201,871	1,908,673	
		3,565,619	614,415	
		(5,635,904)	592,771	
		\$ (2,070,285)	\$ 1,207,186	

WELD COUNTY SCHOOL DISTRICT RE-3(J)

BALANCE SHEET - Governmental Funds

June 30, 2020	General Fund	Debt Service Fund	Capital Reserve Projects Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS						
Cash and Investments	\$ 10,891,698	\$ -	\$ 197,862	\$ 629,550	\$ 626,691	\$ 12,345,801
Bank Certificates of Deposit	-	-	-	-	60,131	60,131
Investments with Trustee	-	4,451,861	-	120,828	-	4,572,689
Property Taxes Receivable	6,171,127	1,848,465	-	-	-	8,019,592
Interfund receivables	384,501	70,544	735,021	1,091,336	123,586	2,404,988
Other Receivables	239,992	-	-	-	247,482	487,474
TOTAL ASSETS	\$ 17,687,318	\$ 6,370,870	\$ 932,883	\$ 1,841,714	\$ 1,057,890	\$ 27,890,675
LIABILITIES AND FUND BALANCES						
Accounts Payable	\$ 867,064	\$ -	\$ 14,279	\$ 172,191	\$ 127,952	\$ 1,181,486
Accrued Salaries and Benefits	2,535,614	-	-	-	155,738	2,691,352
Unearned Revenue	1,272,214	-	-	-	17,474	1,289,688
Interfund payables	2,355,303	-	-	-	49,685	2,404,988
Total Liabilities	7,030,195	-	14,279	172,191	350,849	7,567,514
Fund Balances:						
Non-spendable	-	-	-	-	228,292	228,292
Restricted:						
Debt service	-	6,370,870	-	-	-	6,370,870
Capital outlay	-	-	-	1,669,523	-	1,669,523
TABOR emergencies	1,104,598	-	-	-	-	1,104,598
TABOR multi-year obligations	319,200	-	-	-	-	319,200
Preschool	9,755	-	-	-	-	9,755
Assigned:						
Capital outlay	-	-	918,604	-	-	918,604
Contingencies	2,894,088	-	-	-	-	2,894,088
Student activities	-	-	-	-	478,749	478,749
Unassigned	6,329,482	-	-	-	-	6,329,482
Total Fund Balances	10,657,123	6,370,870	918,604	1,669,523	707,041	20,323,161
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,687,318	\$ 6,370,870	\$ 932,883	\$ 1,841,714	\$ 1,057,890	\$ 27,890,675

See Accompanying Notes to Financial Statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

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

June 30, 2020

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

Total Governmental Funds Fund Balance	\$ 20,323,161
Capital assets used in governmental activities are not financial resources and therefore not reported as net position in governmental funds.	
Cost of capital assets	122,920,863
Accumulated depreciation	(19,002,101)
Deferred inflows and outflows of resources related to pensions and other postemployment benefits	(13,428,737)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Compensated absences - long-term portion	(586,761)
Debt payable	(70,680,000)
Bonds payable - premium	(7,063,190)
Net pension liability	(32,867,523)
Net other postemployment benefits liability	(1,685,997)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ (2,070,285)

See Accompanying Notes to Financial Statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

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

Year Ended June 30, 2020	General Fund	Debt Service Fund	Capital Reserve Projects Fund	Capital Projects Fund	Other Governmental Funds	Total
Revenue:						
Local sources	\$22,703,746	\$ 5,973,742	\$ -	\$ -	\$ 729,719	\$ 29,407,207
State sources	7,402,308	-	-	-	37,370	7,439,678
Federal sources	-	-	-	-	1,796,955	1,796,955
Other	107,144	54,242	317,867	103,842	826	583,921
Total Revenue	30,213,198	6,027,984	317,867	103,842	2,564,870	39,227,761
Expenditures:						
Instruction	15,603,443	-	-	-	992,637	16,596,080
Supporting services	11,618,097	-	-	-	1,402,977	13,021,074
Capital outlay	336,205	-	753,590	4,766,943	27,200	5,883,938
Debt service	-	5,942,075	270,553	-	-	6,212,628
Total Expenditures	27,557,745	5,942,075	1,024,143	4,766,943	2,422,814	41,713,720
Revenue Over (Under) Expenditures	2,655,453	85,909	(706,276)	(4,663,101)	142,056	(2,485,959)
Other Financing Sources (Uses):						
Operating transfers in (out)	(999,936)	-	950,500	49,436	-	-
Total Other Financing Sources (Uses)	(999,936)	-	950,500	49,436	-	-
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,655,517	85,909	244,224	(4,613,665)	142,056	(2,485,959)
Fund Balances, Beginning of Year	9,001,606	6,284,961	674,380	6,283,188	564,985	22,809,120
Fund Balances, End of Year	\$10,657,123	\$ 6,370,870	\$ 918,604	\$ 1,669,523	\$ 707,041	\$ 20,323,161

See Accompanying Notes to Financial Statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

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

Year Ended June 30, 2020

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

Total net change in governmental funds fund balances	\$ (2,485,959)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense in the statement of activities:	
Capital Outlay	3,433,092
Depreciation Expense	(2,956,095)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term debt in the statement of net position and does not affect the statement of activities	3,517,441
Increase in accrued leave	(39,743)
The governmental funds report District pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned, net of employee contributions, is reported as pension and OPEB expense	2,096,883
Change in Net Position of Governmental Activities	\$ 3,565,619

See Accompanying Notes to Financial Statements.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

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

Reporting Entity:

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

In September 1999, the District entered into an agreement with the Cardinal Community Academy to operate a charter school. The School receives 100% of the applicable per-pupil funding from the District, less applicable administrative charges. Funded enrollment for the 2019-2020 school year was approximately 188 pupils.

The District passed through \$1,536,182 in per pupil funding, \$359,227 in mill levy override, and \$243,443 in other State and Federal grants for a total of \$2,138,852 in other instructional expenditures. Administrative costs of \$98,889 were withheld by the District. The charter school is included in these financial statements as a discretely presented component unit.

Basis of Presentation:

Government-wide Financial Statements:

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

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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Basis of Presentation - Continued:

Government-wide Financial Statements - Continued:

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

Fund Financial Statements:

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

The District reports the following major funds:

General Fund:

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

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

Capital Projects Fund:

The Capital Projects Fund accounts for the receipt and spending of the proceeds of bonds and other sources for capital projects.

Debt Service Fund:

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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Capital Reserve Projects Fund:

The Capital Reserve Projects Fund accounts for the receipt and spending of certain resources used for equipment purchases.

Fixed Assets and Long-Term Obligations:

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

Fixed Assets:

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

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

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

Long-Term Obligations:

Accrued sick leave for the governmental funds is accounted for in the government-wide financial statements. Sick leave is earned when vested and is recorded as expenditure in the applicable fund when paid. Effective May 22, 2013, a licensed employee who has accumulated 50 or more days is paid at a rate of the current substitute rate per day of accumulated leave upon termination or retirement. Eligible administrative and classified staff members with 50 or more days are paid at one half their current daily salary. If the employee has fewer than 50 days of accumulated sick leave, no sick leave is paid upon retirement or termination. At June 30, 2020, the liability for accumulated sick leave approximated \$586,761. Long-term liabilities expected to be financed from the proprietary fund would be accounted for in the proprietary fund.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Measurement Focus:

Governmental-wide Statements:

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

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

Fund Financial Statements:

Basis of Accounting:

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

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

Property Taxes:

Property taxes are levied in November and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The District uses the Adams and Weld County Treasurers to bill and collect its property taxes. All uncollected taxes are reflected as taxes receivable and deferred revenue as of June 30, 2020. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be immaterial.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Property Taxes – Continued:

The original January 1, 2019, levy for the General Fund of the District was 10.845 mills, plus a 3.160 mill override, or approximately \$20.6 million, and 4.170 mills or approximately \$6.0 million in the Debt Service Fund.

Budget:

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

The Superintendent is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Board of Education through a supplemental appropriation ordinance. There was a supplemental appropriation in the year ended June 30, 2020.

Interfund Transactions:

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

Employee Vacation Leave:

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

Fund Equity:

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

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

Restricted for Debt Service:

These restrictions are established for amounts set aside for payments of principal and interest on the bonds payable. Recorded amounts at June 30, 2020 are \$6,370,870.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Fund Equity – Continued:

Restricted for Emergencies and Multi-Year Obligations:

These restrictions are established to comply with TABOR. Recorded TABOR emergency reserves at June 30, 2020 are \$1,104,598. Recorded multi-year obligations reserves at June 30, 2020 are \$319,200.

Restricted for Preschool:

These restrictions are established to comply with the Colorado Preschool and Kindergarten Act. Recorded amounts at June 30, 2020 are \$9,755.

Restricted for Capital Projects Fund:

The Capital Projects fund accounts for proceeds of bonds issues restricted for capital needs, such as site acquisition, building additions and equipment purchases. Recorded amounts at June 30, 2020 are \$1,669,523.

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

Net Position:

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

Deferred Outflows and Inflows of Resources:

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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Deferred Outflows and Inflows of Resources – Continued:

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualified for reporting in this category: changes in the net pension and OPEB liability not included in pension expense reported in the government-wide statement of net position.

Pensions:

Weld County School District RE-3(J) participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Implementation of GASB Statement No. 84:

As of July 1, 2019, the District adopted GASB Statement No. 84 *Fiduciary Activities*. The implementation of this standard requires Student Activity Fund activity to be reported as a special revenue fund rather than a fiduciary fund.

NOTE 2 - Cash and Investments:

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

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

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

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

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

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

At June 30, 2020, the General Fund held \$10,721,414 and the Capital Projects fund held \$629,550 in COLOTRUST, a 2a-7 like local government investment pool. The investment pool is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Investments are valued at the net asset value (NAV) with each share valued at \$1.00. The investment is rated AAAM by Standard & Poor's. The District's interest is valued at NAV.

At June 30, 2020, the Debt Service Fund held debt service tax proceeds of \$4,451,861 in the Federated Treasury Obligation Fund. This investment cannot be categorized since it is not evidenced by specific securities. The investment is rated AAA by Standard & Poor's. The District's interest is valued at net asset value (NAV).

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Changes in Capital Assets:

	Balance, 6/30/19	Additions	Deletions	Transfers	Balance, 6/30/20
Land and Improvements	\$ 2,871,747	\$ 174,220	\$(568,271)	\$ --	\$ 2,477,696
Water Certificates	1,987,855	--	--	--	1,987,855
Buildings and Improvements	117,193,776	154,254	(5,843,794)	3,486,074	114,990,310
Equipment	6,296,979	68,565	(4,773,575)	--	1,591,969
Transportation Equipment	4,730,725	320,410	(3,178,102)	--	1,873,033
Construction in Progress	1,073,885	2,412,189	--	(3,486,074)	--
	134,154,967	3,129,638	(14,363,742)	--	122,920,863
Less Accumulated Depreciation:					
Land and improvements	724,080	20,336	(425,967)	--	318,449
Buildings and improvements	21,968,972	2,340,203	(6,661,101)	--	17,648,074
Equipment	4,472,691	440,295	(4,431,380)	--	481,606
Transportation equipment	3,547,460	155,262	(3,148,749)	--	553,973
	30,713,203	2,956,096	(14,667,197)	--	19,002,102
Total Capital Assets	\$ 103,441,764	\$ 173,542	\$ 303,455	\$ --	\$ 103,918,761

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

Instruction	\$ 2,800,833
Transportation	155,263

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

	Balance, 6/30/19	Additions	Deletions	Balance, 6/30/20
Land and Improvements	\$ 115,780	\$ --	\$ --	\$ 115,780
Building and Improvements	3,381,843	247,349	--	3,629,192
Furniture and Equipment	443,864	118,803	--	562,667
Construction in Progress	329,248	--	329,248	--
	4,270,735	366,152	329,248	4,307,639
Less: Accumulated depreciation	828,101	136,850	--	964,951
Capital Assets, Net	\$ 3,442,634	\$ 229,302	\$ (329,248)	\$ 3,342,688

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Interfund Receivables and Transfers:

The district reports interfund balances between many of its funds. These balances result from a time lag between the dates interfund goods and services are provided or reimbursable expenditures occur and payments between funds occur. On the fund financial statements, interfund receivables and payables as of June 30, 2020 consist of the following:

June 30, 2020	Interfund Receivables	Interfund Payables
General Fund:		
General Fund	\$ --	\$ 2,355,303
Cash in Lieu Fund	213,136	--
Insurance Fund	67,039	--
Colorado Preschool	104,326	--
Total General Fund	384,501	2,355,303
Food Service Fund	--	49,685
Grant Fund	65,593	--
Bond Redemption Fund	70,544	--
Capital Projects Fund	1,091,336	--
Capital Reserve Fund	735,021	--
Activity Funds	57,993	--
Permanent Fund	--	--
Total Governmental Funds	\$ 2,404,988	\$ 2,404,988

Any residual balances outstanding between the governmental activities are reported in the district-wide financial statements as internal balances

The interfund transfers for the year ended June 30, 2020 are as follows:

Governmental Funds:	Transfers In	Transfers Out
General Fund	\$ --	\$ 999,936
Capital Projects Reserve Fund	950,500	--
Capital Projects Fund	49,436	--
Total	\$ 999,936	\$ 999,936

The General Fund transferred funds to the capital projects reserve fund and to the capital projects fund for the completion of capital projects.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - Changes in Long-Term Debt:

	Balance, 6/30/19	Additions	Deletions	Balance, 6/30/20	Due Within One Year
2012 Refunding Bonds	\$ 1,130,000	\$ --	\$ 1,130,000	\$ --	\$ --
2018 Refunding Loan	2,485,000	--	155,000	2,330,000	160,000
2016 Refunding Bonds	12,530,000	--	1,010,000	11,520,000	1,555,000
2016 Refunding Bonds Premium	1,376,649	--	229,442	1,147,207	--
2016 G.O. Bond	57,475,000	--	645,000	56,830,000	315,000
2016 G. O. Bonds Premium	6,263,982	--	347,999	5,915,983	--
Accrued compensated absences	547,018	39,743	--	586,761	--
	\$ 81,807,649	\$ 39,743	\$ 3,517,441	\$ 78,329,951	\$ 2,030,000

In December 2016, the District issued \$58,620,000 of general obligation bonds at 3-5% interest, payable through 2036 to construct or renovate several schools.

In August 2016, the District advance refunded the 2006 and 2007 refunding bond issues. The District issued \$12,530,000 of general obligation refunding bonds at 2-4% interest through 2024 to provide resources to purchase U.S. governmental securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. The refunding provides a savings in total debt service of \$1,869,191 and an accounting gain of \$55,978.

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

In June 2013, the District issued certificates of participation (COP's) in the amount of \$3,605,000, to finance the purchase of land and water rights. Annual payments are required through 2033 at interest rates ranging from 2.0 to 4.5%. The COP's are collateralized by the property. These COP's were refunded in October, 2018 from a lease purchase refunding loan, series 2018 in the amount of \$2,670,000. Annual payments are required through 2033 at interest rates ranging from 3.65 to 4.65%. The change in required debt service payments was a loss of \$2,378.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - Changes in Long-Term Debt – Continued:

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 2,030,000	\$ 3,186,000	\$ 5,216,000
2022	2,100,000	3,105,528	5,205,528
2023	3,180,000	2,992,931	6,172,931
2024	3,320,000	2,856,888	6,176,888
2025	3,460,000	2,725,455	6,185,455
2026-2030	20,545,000	11,311,020	31,856,020
2031-2035	24,545,000	6,039,308	30,584,308
2036	11,500,000	582,000	12,082,000
Totals	\$ 70,680,000	\$ 32,799,130	\$ 103,479,130

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

June 30	2020
Note payable to a bank in monthly installments of \$3,095, with balance due in June 2027, interest at 5.25%, collateralized by property	\$ 216,375

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

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20
Note Payable	\$ 38,228	\$ 200,000	\$ 21,853	\$ 216,375

Future maturities of long-term debt are as follows:

Year Ending June 30	Annual Maturities
2021	\$ 26,405
2022	27,825
2023	29,321
2024	30,898
2025	32,560
2026-2027	69,366
Total	216,375

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - Accrued Salaries:

Salaries of certain personnel are paid over a twelve-month period from September to August, but are earned during a School year of approximately nine to eleven months. The salaries and benefits earned, but unpaid, as of June 30, 2020, are estimated to be \$2,691,352.

NOTE 7 - Commitments and Contingencies:

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

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

NOTE 8 – Defined Benefit Pension Plan:

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

Plan description. Eligible employees of the District are provided with pensions through the School Division Trust Fund (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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

Benefits provided as of December 31, 2019. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

As of December 31, 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 employment

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

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.

Contributions provisions as of June 30, 2020: Eligible employees, 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:

Period	July 1, 2019 – June 30, 2020
Employer contribution rate as a percentage of salary	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).

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

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.

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,567,126 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 proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2018 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 \$32,867,523 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 the District were as follows:

June 30, 2020	
The District's proportionate share of the net pension liability	\$ 32,867,523
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District.	3,699,581
Total	\$ 36,567,104

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

At December 31, 2019, the District’s proportion was .22 percent, which is approximately the same as its proportion measured at December 31, 2018.

For the year ended June 30, 2020 the District recognized pension expense of \$4,763,816 and revenue of \$326,133 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:

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,791,302	\$ --
Net difference between projected and actual earnings on pension plan investments	--	3,893,485
Changes in assumptions and other inputs	938,318	14,908,397
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,488,693	--
Contributions subsequent to the measurement date	1,431,960	--
Total	\$ 5,650,273	\$ 18,801,882

Deferred outflows of resources related to pensions of \$1,431,960, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

Years Ending June 30	Amount
2021	\$ (7,175,294)
2022	(6,154,733)
2023	70,906
2024	(1,324,448)
	\$ (14,583,569)

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

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

Price inflation	2.4 percent
Real wage growth	1.1 percent
Wage inflation	3.5 percent
Salary increases, including wage inflation	3.5 – 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 (automatic) ¹	1.25% compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

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 PERA’s 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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

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 to 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.
- 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 an additional .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 of Colorado, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018 and 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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

- The AIR balance was excluded from the initial FNP, 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 FNP 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 Trust Fund's FNP was projected to be available to make all projected future benefit payments of the 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 proportionate share of the net pension liability to changes in the discount rate: The following presents the Trust Fund's collective net pension liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent):

June 30, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 43,589,372	\$ 32,867,523	\$ 23,865,596

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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

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

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

NOTE 9 - Risk Management:

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

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

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

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

NOTE 10 – Other Postemployment Benefits:

Weld County School District RE-3(J) participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit Other Post-Employment Benefit Plan (OPEB) fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

General Information about the OPEB Plan:

Plan description: Eligible employees of the Weld County School District RE-3(J) are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Weld County School District RE-3(J) is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Weld County School District RE-3(J) were \$136,873 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 \$1,685,997 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 Weld County School District RE-3(J) proportion of the net OPEB liability was based on Weld County School District RE-3(J) contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

At December 31, 2019, the Weld County School District RE-3(J) proportion was .13% percent, which was approximately the same as its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Weld County School District RE-3(J) recognized OPEB expense of approximately \$36,066. At June 30, 2020, the Weld County School District RE-3(J) 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
Difference between expected and actual experience	\$ 5,595	\$ 283,310
Changes of assumptions or other inputs	13,988	--
Difference between projected and actual investment earnings	--	28,142
Contributions subsequent to measurement date	14,741	--
Total	\$ 34,324	\$ 311,452

Deferred outflows of resources related to OPEB of \$14,741, 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:

Years Ending June 30	Amount
2021	\$ (59,816)
2022	(59,813)
2023	(51,665)
2024	(62,364)
2025	(54,915)
2026	(3,296)
	\$ (291,869)

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

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	Costs 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	Costs 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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

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

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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

Healthy, post-retirement 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.

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

- Males: Mortality 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.

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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

- 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%.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

Sensitivity of the Weld County School District RE-3(J) 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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
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	\$ 1,906,359	\$ 1,685,997	\$ 1,497,542

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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%.
- 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 in the middle of the year.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 1,906,359	\$ 1,685,997	\$ 1,497,542

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

NOTE 11 – Contingencies:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 12 – Restatement of Net Position:

As of July 1, 2019, the District has adopted GASB Statement No. 84, *Fiduciary Activities*. The implementation of this statement includes reclassifying the fund type of the Student Activity Fund from a fiduciary fund to a special revenue fund.

The adjustment to the beginning balance of net position is as follows:

Net Position – June 30, 2019, as previously reported	\$ (6,018,905)
<u>Restatement due to implementation of GASB 84</u>	<u>383,001</u>
<u>Net Position – June 30, 2019, as restated</u>	<u>\$ (5,635,904)</u>

REQUIRED SUPPLEMENTARY INFORMATION

WELD COUNTY SCHOOL DISTRICT RE-3(J)**BUDGETARY COMPARISON SCHEDULE**

Year Ended June 30, 2020	General Fund			
	Actual	Original Budget	Final Budget	Variance
Revenue:				
Local sources	\$ 22,703,746	\$ 19,493,164	\$ 22,320,508	\$ 383,238
State sources	7,402,308	8,185,940	6,618,857	783,451
Federal sources	-	-	-	-
Other	107,144	-	95,200	11,944
Total Revenue	30,213,198	27,679,104	29,034,565	1,178,633
Expenditures:				
Instruction	15,603,443	15,526,652	15,988,573	385,130
Supporting services	11,618,097	10,821,775	11,607,232	(10,865)
Capital outlay	336,205	326,000	454,485	118,280
Appropriated reserves	-	3,724,461	3,765,125	3,765,125
Total Expenditures	27,557,745	30,398,888	31,815,415	4,257,670
Revenue Over (Under) Expenditures	2,655,453	(2,719,784)	(2,780,850)	5,436,303
Other Financing Sources (Uses):				
Operating transfers in (out)	(999,936)	(1,100,500)	(999,936)	-
Total Other Financing Sources (Uses)	(999,936)	(1,100,500)	(999,936)	-
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,655,517	(3,820,284)	(3,780,786)	5,436,303
Fund Balance, Beginning of Year	9,001,606	9,001,606	9,001,606	-
Fund Balance, End of Year	\$ 10,657,123	\$ 5,181,322	\$ 5,220,820	\$ 5,436,303

WELD COUNTY SCHOOL DISTRICT RE-3(J)

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

Year Ended June 30	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2020	\$ 2,567,126	\$ 2,567,126	\$13,418,954	19.1%
2019	2,264,440	2,264,440	11,984,784	18.9%
2018	2,263,418	2,263,418	11,353,960	19.9%
2017	1,970,185	1,970,185	10,234,727	19.3%
2016	1,842,571	1,842,581	9,826,954	18.8%
2015	1,716,404	1,716,404	9,353,702	18.3%

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

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS

Year Ended June 30	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2020	\$ 136,873	\$ 136,873	\$13,418,954	1.0%
2019	122,245	122,245	11,984,784	1.0%
2018	115,810	115,810	11,353,960	1.0%
2017	100,059	100,059	10,234,727	1.0%

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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

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

Year Ended June 30	Cumulative Proportion of Net Pension Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net Pension Liability
2020	0.22%	\$ 32,867,523	\$ 13,418,954	245%	64.5%
2019	0.22%	38,955,519	11,984,784	325%	57.1%
2018	0.24%	77,607,470	11,353,960	684%	44.0%
2017*	0.22%	65,502,507	10,234,727	640%	43.1%
2016	0.22%	34,782,130	9,826,954	353%	59.2%
2015	0.24%	32,602,605	9,353,702	287%	62.8%

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

* Significant changes in assumptions made by Colorado PERA.

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

Year Ended June 30	Cumulative Proportion of Net OPEB Liability	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net OPEB Liability
2020	0.15%	\$ 1,685,997	\$ 13,418,954	13%	24.5%
2019	0.13%	1,904,759	11,984,784	16%	17.0%
2018	0.13%	1,819,440	11,353,960	16%	17.5%
2017	0.13%	1,815,148	10,234,727	18%	16.7%

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

OTHER SUPPLEMENTARY INFORMATION

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2020	Actual	Original Budget	Final Budget	Variance
Other:				
Interest	\$ -	\$ -	\$ -	\$ -
Other local revenue	317,867	325,000	325,000	(7,133)
Total Revenue	\$ 317,867	\$ 325,000	\$ 325,000	\$ (7,133)

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2020	Actual	Original Budget	Final Budget	Variance
Supporting Services	\$ -	\$ -	\$ -	\$ -
Capital Outlay:				
Land and improvements	81,002	615,553	200,000	(118,998)
Buildings	-	-	320,000	(320,000)
Equipment and vehicles	672,588	365,000	59,000	613,588
Expenditures:				
Debt Service:				
Principal payments	155,000	-	155,000	-
Interest on loan	115,553	-	115,553	-
Total Expenditures	\$ 1,024,143	\$ 980,553	\$ 849,553	\$ 174,590

Schedule of Operating Transfers Compared with Budget

Year Ended June 30, 2020	Actual	Original Budget	Final Budget	Variance
Operating Transfers In:				
General Fund	\$ 950,500	\$ 750,500	\$ 950,500	\$ -

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2020	Actual	Original Budget	Final Budget	Variance
Other:				
Interest	\$ 37,956	\$ 150,000	\$ 60,000	\$ (22,044)
Other Income	65,886	-	532,500	(466,614)
Total Revenue and Other Financing Sources	\$ 103,842	\$ 150,000	\$ 592,500	\$ (488,658)

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2020	Actual	Original Budget	Final Budget	Variance
Supporting Services	\$ -		\$ -	\$ -
Capital Outlay:				
Land and improvements	2,065,647	3,240,000	2,250,000	(184,353)
Buildings	2,701,296	6,300,000	2,582,000	119,296
Equipment and vehicles	-	-	-	-
Appropriated Reserve	-	866,000	2,093,122	(2,093,122)
Expenditures:				
Other	-	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	\$ 4,766,943	\$ 10,406,000	\$ 6,925,122	\$ (2,158,179)

Schedule of Operating Transfers Compared with Budget

Year Ended June 30, 2020	Actual	Original Budget	Final Budget	Variance
Operating Transfers In:				
General Fund	\$ 49,436	\$ 350,000	\$ 49,436	\$ -

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2020	Actual	Final Budget	Variance
Local Sources:			
Property taxes, current	\$ 20,576,360	\$ 20,451,702	\$ 124,658
Delinquent taxes	32,266	3,500	28,766
Specific ownership taxes	1,391,976	1,355,651	36,325
Other	703,144	509,655	193,489
Total Local Sources	22,703,746	22,320,508	383,238
State Sources:			
Vocational education	46,110	95,994	(49,884)
State equalization	4,643,606	4,643,641	(35)
Transportation	263,140	246,680	16,460
On-behalf payment	326,133	-	326,133
Other grants	2,123,319	1,632,542	490,777
Total State Sources	7,402,308	6,618,857	783,451
Federal Sources	-	-	-
Other:			
Interest	107,144	95,200	11,944
Total Revenue	\$ 30,213,198	\$ 29,034,565	\$ 1,178,633

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

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2020	Actual	Final Budget	Variance
Instruction:			
Current operating:			
Salaries	\$ 8,892,704	\$ 8,992,791	\$ 100,087
Employee benefits	3,457,319	3,578,870	121,551
Purchased services	1,025,149	1,032,371	7,222
Supplies and materials	679,086	781,339	102,253
Other	1,549,185	1,544,717	(4,468)
Capital outlay	1,020	58,485	57,465
Total Instruction	15,604,463	15,988,573	384,110
Supporting Services:			
Pupils:			
Current operating:			
Salaries	948,201	915,185	(33,016)
Employee benefits	370,233	381,365	11,132
Purchased services	283,023	245,721	(37,302)
Supplies and materials	9,364	24,500	15,136
Other	-	-	-
Capital outlay	-	-	-
Total Pupils	1,610,821	1,566,771	(44,050)
Instructional support:			
Current operating:			
Salaries	616,505	648,308	31,803
Employee benefits	227,869	244,592	16,723
Purchased services	346,557	218,578	(127,979)
Supplies and materials	87,497	153,999	66,502
Other	-	1,650	1,650
Capital outlay	-	-	-
Total Instructional Staff	1,278,428	1,267,127	(11,301)
General administration:			
Current operating:			
Salaries	686,013	724,062	38,049
Employee benefits	256,360	256,330	(30)
Purchased services	608,809	672,570	63,761
Supplies and materials	163,366	183,718	20,352
Other	22,211	24,500	2,289
Capital outlay	326,757	375,000	48,243
Total General Administration	2,063,516	2,236,180	172,664

Continued on next page.

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

Schedule of Expenditures Compared with Budget - Continued

Year Ended June 30, 2020	Actual	Final Budget	Variance
Supporting Services - Continued:			
School administration:			
Current operating:			
Salaries	\$ 1,204,703	1,149,836	\$ (54,867)
Employee benefits	446,174	431,281	(14,893)
Purchased services	11,821	12,805	984
Supplies and materials	18,433	16,500	(1,933)
Other	905	500	(405)
Capital outlay	-	1,000	1,000
Total School Administration	1,682,036	1,611,922	(70,114)
Operations and maintenance:			
Current operating:			
Salaries	906,072	1,042,437	136,365
Employee benefits	400,909	480,064	79,155
Purchased services	1,079,364	1,053,213	(26,151)
Supplies and materials	998,747	984,450	(14,297)
Other	311	500	189
Capital outlay	8,428	15,000	6,572
Total Operations and Maintenance	3,393,831	3,575,664	181,833
Pupil transportation:			
Current operating:			
Salaries	527,343	561,581	34,238
Employee benefits	187,916	193,050	5,134
Purchased services	63,538	80,213	16,675
Supplies and materials	256,587	340,500	83,913
Other	36	450	414
Capital outlay	-	5,000	5,000
Total Pupil Transportation	1,035,420	1,180,794	145,374
Other Supporting Services:			
Current operating:			
On-behalf payment	326,133	-	(326,133)
Insurance	563,097	623,259	60,162
Total Supporting Services	11,953,282	12,061,717	108,435
Appropriated Reserves	-	3,765,125	3,765,125
Total Expenditures	\$ 27,557,745	\$ 31,815,415	\$ 4,257,670

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

Schedule of Operating Transfers Compared to Budget

Year Ended June 30, 2020	Actual	Final Budget	Variance
Operating Transfers Out:			
Capital Projects Fund	\$ 49,436	\$ 49,436	\$ -
Capital Reserve Projects Fund	950,500	950,500	-
Total Transfers	\$ 999,936	\$ 999,936	\$ -

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2020	Actual	Final Budget	Variance
Revenue:			
Local Sources:			
Property taxes, current	\$ 5,973,742	\$ 5,948,875	\$ 24,867
Other revenue	-	-	-
Total Local Sources	5,973,742	5,948,875	24,867
Other:			
Interest	54,242	75,000	(20,758)
Total Revenue and Financing Sources	\$ 6,027,984	\$ 6,023,875	\$ 4,109

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Expenditures:			
Debt Service:			
Principal payments	\$ 2,785,000	\$ 2,785,000	\$ -
Interest on bonds	3,153,875	3,153,875	-
Debt issuance costs	3,200	10,000	6,800
Total Expenditures and Financing Uses	\$ 5,942,075	\$ 5,948,875	\$ 6,800

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

COMBINING BALANCE SHEET

June 30, 2020	Designated Grants Fund	Permanent Fund	Food Service Fund	Activity Fund	Total
<u>ASSETS</u>					
Cash	\$ -	\$ 16,378	\$ 188,428	\$ 421,885	\$ 626,691
Investments and Bank CD's	-	60,131	-	-	60,131
Due From Other Funds	65,592	-	-	57,994	123,586
Other Receivables	185,601	-	61,881	-	247,482
TOTAL ASSETS	\$ 251,193	\$ 76,509	\$ 250,309	\$ 479,879	\$ 1,057,890
<u>LIABILITIES</u>					
Accounts Payable	\$ 100,050	\$ -	\$ 26,772	\$ 1,130	\$ 127,952
Accrued Salaries and Benefits	145,532	-	10,206	-	155,738
Unearned Revenue	5,611	-	11,863	-	17,474
Due To Other Funds	-	-	49,685	-	49,685
Total Liabilities	251,193	-	98,526	1,130	350,849
<u>FUND BALANCES</u>					
Nonspendable	-	76,509	151,783	-	228,292
Assigned:					
Capital Outlay	-	-	-	-	-
Student Activities	-	-	-	478,749	478,749
Total Fund Balances	-	76,509	151,783	478,749	707,041
TOTAL LIABILITIES AND FUND BALANCE	\$ 251,193	\$ 76,509	\$ 250,309	\$ 479,879	\$ 1,057,890

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

COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended June 30, 2020	Designated Grants Fund	Permanent Fund	Food Service Fund	Activity Fund	Total
Revenue:					
Interest	\$ -	\$ 559	\$ 267	\$ -	\$ 826
Local sources	5,280	-	345,839	378,600	729,719
State sources	21,218	-	16,152	-	37,370
Federal sources	1,012,864	-	784,091	-	1,796,955
Total Revenue	1,039,362	559	1,146,349	378,600	2,564,870
Expenditures:					
Instruction	992,637	-	-	-	992,637
Supporting services	46,725	-	1,073,118	282,853	1,402,696
Capital outlay	-	-	27,200	-	27,200
Non-capital outlay	-	-	280	-	280
Total Expenditures	1,039,362	-	1,100,598	282,853	2,422,813
Revenue (Under) Over Expenditures	-	559	45,751	95,747	142,057
Other Financing Sources (Uses):					
Operating transfers in (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Fund Balances, Beginning of Year	-	75,951	106,032	383,002	564,985
Fund Balances, End of Year	\$ -	\$ 76,510	\$ 151,783	\$ 478,749	\$ 707,042

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Revenue:			
Local sources	\$ 5,280	\$ 8,452	\$ (3,172)
State sources	21,218	-	-
Federal sources	1,012,864	1,054,551	(41,687)
Total Revenue	\$ 1,039,362	\$ 1,063,003	\$ (44,859)

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Instruction	\$ 992,637	\$ 933,358	\$ (59,279)
Supporting Services	46,725	129,645	82,920
Capital Outlay:			
Equipment	-	-	-
Total Expenditures	\$ 1,039,362	\$ 1,063,003	\$ 82,920

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Miscellaneous Revenue:			
Interest	\$ 559	\$ 651	\$ (92)
Total Revenue	\$ 559	\$ 651	\$ (92)

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Supporting Services:			
Other	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Operating Revenue:			
Food and milk sales	\$ 345,839	\$ 451,325	\$ (105,486)
Nonoperating Revenue:			
Federal and state grants	725,346	538,365	186,981
U.S.D.A. commodities	74,897	62,411	12,486
Interest	267	150	117
Total Revenue	\$ 1,146,349	\$1,052,251	\$ 94,098

Schedule of Expenses Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Operating Expenses:			
Salaries and benefits	\$ 75,006	\$ 980,490	\$ 905,484
Supplies (contractors)	998,112	71,411	(926,701)
Purchased Services	280	-	(280)
Capital Outlay:			
Equipment	27,200	27,550	350
Total Expenses	\$ 1,100,598	\$1,079,451	\$ (21,147)

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

Schedule of Additions Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Student Activities	\$ 378,600	\$ 645,000	\$ (266,400)
Total Additions	\$ 378,600	\$ 645,000	\$ (266,400)

Schedule of Deductions Compared with Budget

Year Ended June 30, 2020	Actual	Budget	Variance
Student Activities	\$ 282,853	\$ 645,000	\$ (362,147)
Total Deductions	\$ 282,853	\$ 645,000	\$ (362,147)

CARDINAL COMMUNITY ACADEMY

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2020	Actual	Original Budget	Amended Budget	Variance
Revenue:				
Weld County School District RE-3(J) PPR	\$ 1,536,182	\$ 1,536,182	1,536,182	\$ -
Mill Levy override	359,227	330,082	330,082	29,145
Colorado Department of Education grants	116,696	68,705	68,705	47,991
State grant - rural funds	18,801	25,000	25,000	(6,199)
Federal grants	8,949	-	-	8,949
Contributions, interest, on-behalf and other	118,453	403,868	403,868	(285,415)
Total Revenue	2,158,308	2,363,837	2,363,837	(205,529)
Expenditures:				
Current:				
Instruction:				
Teachers' salaries	533,847	537,349	537,349	3,502
Substitute teachers	9,335	15,000	15,000	5,665
Teachers aides	116,096	124,723	124,723	8,627
After school staff	9,237	8,880	8,880	(357)
Supplemental contracts	7,168	8,500	8,500	1,332
Incentives	84,905	128,400	128,400	43,495
PERA contributions	132,342	141,767	141,767	9,425
Other benefits	57,546	72,472	72,472	14,926
Special education	75,352	90,000	90,000	14,648
Educational equipment & furniture	19,608	30,500	30,500	10,892
Instructional materials & supplies	30,133	45,000	45,000	14,867
Total Instruction	1,075,569	1,202,591	1,202,591	127,022
Supporting Services:				
RE-3(J) administrative withholding	98,888	95,000	95,000	(3,888)
Director salary	66,001	60,000	60,000	(6,001)
Office staff salary	87,958	86,221	86,221	(1,737)
Staff development	3,359	15,000	15,000	11,641
Accountability/evaluation	7,913	10,500	10,500	2,587
PERA contributions/on-behalf payment	58,232	62,379	62,379	4,147
Other benefits	-	-	-	-
Custodian	32,808	35,044	35,044	2,236
Utilities	42,203	48,500	48,500	6,297
Telephone	2,719	5,000	5,000	2,281
Office supplies	6,814	10,000	10,000	3,186
Building expense	17,816	40,000	40,000	22,184
Insurance	37,577	37,000	37,000	(577)
Equipment rentals	12,118	11,000	11,000	(1,118)
Water/wastewater	7,057	12,500	12,500	5,443
Contracted services	29,540	33,250	33,250	3,710
Fundraising expense	35,096	75,000	75,000	39,904
PTO expense	9,090	75,000	75,000	65,910
Miscellaneous expense	17,754	38,500	38,500	20,746
Total Supporting Services	572,943	749,894	749,894	176,951
Capital outlay	42,227	345,000	345,000	302,773
Debt service (principal)	21,853	17,695	17,695	(4,158)
Interest expense	15,584	22,639	22,639	7,055
Total Expenditures	1,728,176	2,337,819	2,337,819	609,643
Revenue Over (Under) Expenditures	430,132	26,018	26,018	404,114
Financing Source: Proceeds of loan	200,000	-	-	200,000
Fund Balance, Beginning of Year	802,201	802,201	802,201	-
Fund Balance, End of Year	\$ 1,432,333	\$ 828,219	\$ 828,219	\$ 604,114

WELD COUNTY SCHOOL DISTRICT RE-3(J)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

<u>Agency/Program Grant Title</u>	<u>Pass-Through Identification Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>			
Child Nutrition Cluster:			
Passed Through CDHHS: Food Distribution		10.555	\$ 74,897
Passed Through Colorado Department of Education:			
National School Lunch Program	4555	10.555	629,990
School Breakfast Program	4553	10.553	73,994
Summer Food Service Program for Children	4559	10.559	5,210
			<u>784,091</u>
<u>Department of Education</u>			
Passed Through Colorado Department of Education:			
Title I Grants to Local Education Agencies	4010	84.010	468,336
Title III Part A ELA	4365	84.365	28,644
Title II Part A Teacher Quality	4367	84.367	72,148
Title IV Part A - Student Support and Enrichment	4424	84.424	35,163
Total Federal Assistance			<u>\$ 1,388,382</u>

Note 1: Schedule is prepared on the modified accrual basis of accounting except for the food distribution commodities received which are at fair value.

Note 2: The District does not have any significant subrecipients or indirect cost recovery.

Note 3: The District's federal programs generally do not utilize the 10% de minimis cost rate.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

SUMMARY OF AUDITORS' RESULTS

- Type of report issued on financial statements Unmodified
- Internal control over financial reporting:
 - Material weaknesses identified No
 - Significant deficiencies identified None reported
- Noncompliance material to the financial statements noted No
- Internal control over federal awards:
 - Material weaknesses identified No
 - Significant deficiencies identified None reported
- Type of report issued on major programs Unmodified
- Audit findings disclosed None under 2 CFR 200.516(a)
- Major programs Child Nutrition Cluster (10.553, 10.555 and 10.559)
- Dollar threshold between Type A and Type B programs \$750,000
- Low-risk auditee Yes

FINDINGS RELATED TO FINANCIAL STATEMENTS

- None

FINDINGS RELATED TO FEDERAL AWARDS

- None
-

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2020

PRIOR YEAR FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

- None
-



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

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Weld County School District RE-3(J) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2020. Weld County School District RE-3(J)'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Each Federal Program

In our opinion, Weld County School District RE-3(J) complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2020.

Internal Control Over Compliance

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

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

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

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

Anderson & Whitney, P.C.

December 4, 2020



Independent Auditors' 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 County School District RE-3(J)
Keenesburg, 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 Weld County School District RE-3(J), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Weld County School District RE-3(J)'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Anderson & Whitney, P.C.

December 4, 2020



Colorado Department of Education
Auditors Integrity Report
 District: 3090 - Weld County School District RE-3J
 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	8,926,852	26,509,746	24,906,269	10,530,329
18 Risk Mgmt Sub-Fund of General Fund	74,754	605,382	563,097	117,039
19 Colorado Preschool Program Fund	0	589,702	579,947	9,755
Sub- Total	9,001,606	27,704,829	26,049,312	10,657,123
11 Charter School Fund	802,203	2,358,308	1,728,176	1,432,334
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	0	0	0
21 Food Service Spec Revenue Fund	106,035	1,146,349	1,100,599	151,785
22 Govt Designated-Purpose Grants Fund	0	1,039,362	1,039,362	0
23 Pupil Activity Special Revenue Fund	383,003	378,600	282,854	478,749
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	6,284,961	6,027,984	5,942,075	6,370,870
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	6,283,187	153,278	4,766,943	1,669,522
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	674,379	1,268,367	1,024,143	918,604
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	23,535,373	40,077,078	41,933,464	21,678,987
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	75,951	559	0	76,509
85 Foundations	0	0	0	0
Totals	75,951	559	0	76,509

FINAL