



FINANCIAL REPORT

Year Ended June 30, 2021



TABLE OF CONTENTS

Independent Auditors' Report	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES	10
FUND FINANCIAL STATEMENTS:	
GOVERNMENTAL FUNDS:	
BALANCE SHEET	12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION	13
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES	15
NOTES TO FINANCIAL STATEMENTS	16
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	50
Schedule of Employer Contributions	51
Schedule of District's Proportionate Share of Net Pension and OPEB Liability	52
Other Supplementary Information	53



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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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, 2021, 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 12 to the financial statements, the District had a restatement of the net position as of July 1, 2020. Our opinions are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 January 26, 2022, 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.

January 26, 2022

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, 2021. 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 \$268 thousand at June 30, 2021. This deficit is caused by the Colorado PERA net pension liability of approximately \$40.8 million, and the Colorado PERA post-employment benefit liability of \$1.4 million, which is now required to be presented.
- The General Fund balance was \$12.0 million as of June 30, 2021. Of this amount, \$1.0 million is reserved for emergencies.
- The June 30, 2021 General Fund balance is \$1.4 million more than the previous year-end. The total fund balance is 42% of 2021 General Fund operating expenditures plus operating transfers.
- The Debt Service Fund has a fund balance of \$6.4 million as of June 30, 2021. 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 one category: governmental 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, 2021, liabilities exceed assets by \$268 thousand.

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

June 30	2021	2020
	Governmental Activities	Governmental Activities
Assets		
Current and other assets	\$ 25,516,936	\$ 25,485,687
Capital assets	101,300,305	103,918,762
Total assets	126,817,241	129,404,449
Deferred Outflows of Resources	11,652,304	5,684,597
Liabilities		
Current and other liabilities	6,511,549	7,192,526
Long-term liabilities	115,920,477	112,858,471
Total liabilities	122,432,026	120,050,997
Deferred Inflows of Resources	16,305,345	19,113,334
Net Position		
Net investment in capital assets	25,154,556	25,840,095
Restricted	10,070,158	8,511,464
Unrestricted	(35,492,540)	(38,426,844)
Total net position (deficit), as restated	\$ (267,826)	\$ (4,075,285)

A significant portion of the District's net position represents an unrestricted net deficit of \$35,492,540 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 \$10,070,158 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 \$955,956, \$6,372,063 in reserves for debt service, \$2,025,651 in capital outlay, \$308,000 in multi-year contract reserves, \$339,143 in non-expendable funds, and \$69,345 for preschool.

The following table indicates the changes in net position:

Years Ended June 30	2021	2020
	Governmental Activities	Governmental Activities
Revenues:		
Program revenues:		
Charges for services	\$ --	\$ 263,140
Operating grants	5,719,230	5,762,750
General revenues:		
Property taxes	32,771,584	27,974,344
State equalization	--	4,643,606
Investment earnings	21,495	583,921
Total revenues	38,512,309	39,227,761
Expenses:		
Instruction	19,450,763	19,754,368
Student services	3,577,363	4,009,372
Administrative services	4,888,017	4,308,649
Pupil transportation	1,033,000	1,217,882
Operations and maintenance	2,927,211	3,393,831
Interest and costs on long-term debt	2,614,079	2,695,187
Student activities	214,417	282,853
Total expenses	34,704,850	35,662,142
Increase (decrease) in net position	\$ 3,807,459	\$ 3,565,619

Governmental Activities. Governmental activities increased the District's net position by \$3,807,459 in 2021. Key elements of this increase are as follows:

- Total revenues decreased about 2% compared to the prior year, primarily due to changes in funding given increased property tax revenue.
- Expenses decreased about 3% from the previous year, due to decreased instruction and student services expense due to the COVID pandemic.

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, 2021, the total fund balances of the District's governmental funds were \$22,115,387. Approximately 32% 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 (\$955,956); (2) multi-year obligations (\$308,000); (3) debt service (\$6,372,063); (4) permanent and non-expendable funds (\$339,143); (5) contingencies (\$2,894,088); (6) capital outlay (\$1,501,223 and \$1,394,379); (7) Preschool (\$69,345); (8) Student activities (\$484,295); and (9) Cash-in-lieu for capital outlay from the Town of Keenesburg and Weld County (\$631,272.)

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 \$12,024,284 as of June 30, 2021. The 2021 fund balance is \$1,367,161 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 \$275,144 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 \$582,619.
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 \$1,193 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.

2021 General Fund

	Actual	Final Budget
Beginning Fund Balance	\$ 10,657,123	\$ 10,657,123
Revenue	30,427,687	29,917,041
Expenditures	(27,960,526)	(31,790,632)
Transfers	(1,100,000)	(1,100,000)
Ending Fund Balance	\$ 12,024,284	\$ 7,683,532

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District’s investment in capital assets for its governmental type activities as of June 30, 2021 totals \$101.3 million (net of accumulated depreciation). This investment includes all land, buildings, and equipment. The total decrease in investment in capital assets for the current year was \$2.7 million, due to various large construction projects largely ending last year and limited additions for the current fiscal 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, 2021, the District had \$69.7 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:

- Remaining 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.
- 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.
- Federal Funding received from the Coronavirus Relief Fund and the Education Stabilization Fund – Elementary and Secondary Emergency Relief Fund.
- 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, 2021	Governmental Activities	Charter School
ASSETS		
Current Assets:		
Cash	\$ 17,333,706	\$ 1,710,740
Receivables	630,943	159,948
Total Current Assets	17,964,649	1,870,688
Noncurrent Assets:		
Investments - restricted	7,552,287	-
Capital assets	123,178,936	4,360,839
Less: Accumulated depreciation	(21,878,631)	(1,144,305)
Total Noncurrent Assets	108,852,592	3,216,534
TOTAL ASSETS	126,817,241	5,087,222
Deferred Outflows of Resources:		
Other postemployment benefits	28,313	1,756
Pension plan	11,623,991	555,785
Total Deferred Outflows of Resources	11,652,304	557,541
LIABILITIES		
Current Liabilities:		
Accounts payable	986,512	-
Accrued salaries and benefits	2,401,160	69,121
Unearned revenue	13,877	-
Current portion of long-term debt	3,110,000	27,825
Total Current Liabilities	6,511,549	96,946
Noncurrent Liabilities:		
Bonds payable	66,550,000	162,146
Bonds payable - premium	6,485,749	-
Accrued sick leave	640,836	-
Net postemployment benefits liability	1,425,338	85,520
Net pension liability	40,818,554	2,418,877
Total Liabilities	122,432,026	2,763,489
Deferred Inflows of Resources:		
Other postemployment benefits	458,999	27,540
Pension plan	15,846,346	939,043
Total Deferred Inflows of Resources	16,305,345	966,583
NET POSITION		
Net investment in capital assets	25,154,556	3,026,563
Restricted for:		
Debt service	6,372,063	-
Capital outlay	2,025,651	-
Emergencies and multi-year obligations	1,263,956	67,373
Preschool	69,345	-
Nonexpendable	339,143	-
Unrestricted	(35,492,540)	(1,179,245)
TOTAL NET POSITION (DEFICIT)	\$ (267,826)	\$ 1,914,691

See Accompanying Notes to Financial Statements

WELD COUNTY SCHOOL DISTRICT RE-3(J)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021	Expenses	Charges for Services
Functions/Programs:		
Governmental activities:		
Instruction	\$ 19,450,763	\$ -
Support services:		
Pupils	1,665,935	-
Instructional support	1,911,428	-
General administration	3,278,670	-
School administration	1,609,347	-
Operations and maintenance	2,927,211	-
Pupil transportation	1,033,000	-
Student activities	214,417	-
Interest and costs on long-term debt	2,614,079	-
Total Support Services	15,254,087	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 34,704,850	\$ -
Component Unit:		
Charter School	1,538,255	-
General Revenues:		
State equalization		
Property taxes		
Specific ownership tax		
Investment earnings		
<hr/>		
Changes in Net Position		
Net Position - Beginning, as restated		
<hr/>		
NET POSITION - Ending		
<hr/> <hr/>		

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
\$	5,719,230	\$ -	\$ (13,731,533)	\$ -
	-	-	(1,665,935)	-
	-	-	(1,911,428)	-
	-	-	(3,278,670)	-
	-	-	(1,609,347)	-
	-	-	(2,927,211)	-
	-	-	(1,033,000)	-
	-	-	(214,417)	-
	-	-	(2,614,079)	-
	-	-	(15,254,087)	-
\$	5,719,230	\$ -	\$ (28,985,620)	\$ -
	309,483	53,553		(1,175,219)
			-	-
			31,457,595	1,880,846
			1,313,989	-
			21,495	1,878
			32,793,079	1,882,724
			3,807,459	707,505
			(4,075,285)	1,207,186
			\$ (267,826)	\$ 1,914,691

WELD COUNTY SCHOOL DISTRICT RE-3(J)

BALANCE SHEET - Governmental Funds

June 30, 2021	General Fund	Debt Service Fund	Capital Reserve Projects Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS						
Cash and Investments	\$ 15,450,076	\$ -	\$ 1,012,289	\$ 1,271,272	\$ 688,865	\$ 18,422,502
Bank Certificates of Deposit	-	-	-	122,345	60,131	182,476
Investments with Trustee	-	6,281,015	-	-	-	6,281,015
Property Taxes Receivable	36,049	20,504	-	-	-	56,553
Interfund receivables	151,019	70,544	694,314	59,751	86,372	1,062,000
Other Receivables	340,790	-	-	-	233,600	574,390
TOTAL ASSETS	\$ 15,977,934	\$ 6,372,063	\$ 1,706,603	\$ 1,453,368	\$ 1,068,968	\$ 26,578,936
LIABILITIES AND FUND BALANCES						
Accounts Payable	\$ 681,955	\$ -	\$ 205,380	\$ 58,989	\$ 40,188	\$ 986,512
Accrued Salaries and Benefits	2,289,240	-	-	-	111,920	2,401,160
Unearned Revenue	-	-	-	-	13,877	13,877
Interfund payables	982,455	-	-	-	79,545	1,062,000
Total Liabilities	3,953,650	-	205,380	58,989	245,530	4,463,549
Fund Balances:						
Non-spendable	-	-	-	-	339,143	339,143
Restricted:						
Debt service	-	6,372,063	-	-	-	6,372,063
Capital outlay	631,272	-	-	1,394,379	-	2,025,651
TABOR emergencies	955,956	-	-	-	-	955,956
TABOR multi-year obligations	308,000	-	-	-	-	308,000
Preschool	69,345	-	-	-	-	69,345
Assigned:						
Capital outlay	-	-	1,501,223	-	-	1,501,223
Contingencies	2,894,088	-	-	-	-	2,894,088
Student activities	-	-	-	-	484,295	484,295
Unassigned	7,165,623	-	-	-	-	7,165,623
Total Fund Balances	12,024,284	6,372,063	1,501,223	1,394,379	823,438	22,115,387
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,977,934	\$ 6,372,063	\$ 1,706,603	\$ 1,453,368	\$ 1,068,968	\$ 26,578,936

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, 2021

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

Total Governmental Funds Fund Balance	\$ 22,115,387
Capital assets used in governmental activities are not financial resources and therefore not reported as net position in governmental funds.	
Cost of capital assets	123,178,936
Accumulated depreciation	(21,878,631)
Deferred inflows and outflows of resources related to pensions and other postemployment benefits	(4,653,041)
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	(640,836)
Debt payable	(69,660,000)
Bonds payable - premium	(6,485,749)
Net pension liability	(40,818,554)
Net other postemployment benefits liability	(1,425,338)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ (267,826)

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, 2021	General Fund	Debt Service Fund	Capital Reserve Projects Fund	Capital Projects Fund	Other Governmental Funds	Total
Revenue:						
Local sources	\$27,644,562	\$ 5,941,379	\$ -	\$ -	\$ 238,464	\$ 33,824,405
State sources	1,021,067	-	-	-	23,228	1,044,295
Federal sources	1,751,787	-	-	-	1,870,327	3,622,114
Other	10,271	7,989	-	2,468	767	21,495
Total Revenue	30,427,687	5,949,368	-	2,468	2,132,786	38,512,309
Expenditures:						
Instruction	16,461,414	-	-	-	1,061,066	17,522,480
Supporting services	11,472,209	-	-	-	939,523	12,411,732
Capital outlay	26,903	-	249,036	277,612	15,800	569,351
Debt service	-	5,948,175	268,345	-	-	6,216,520
Total Expenditures	27,960,526	5,948,175	517,381	277,612	2,016,389	36,720,083
Revenue Over (Under) Expenditures	2,467,161	1,193	(517,381)	(275,144)	116,397	1,792,226
Other Financing Sources (Uses):						
Operating transfers in (out)	(1,100,000)	-	1,100,000	-	-	-
Total Other Financing Sources (Uses)	(1,100,000)	-	1,100,000	-	-	-
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,367,161	1,193	582,619	(275,144)	116,397	1,792,226
Fund Balances, Beginning of Year	10,657,123	6,370,870	918,604	1,669,523	707,041	20,323,161
Fund Balances, End of Year	\$12,024,284	\$ 6,372,063	\$1,501,223	\$ 1,394,379	\$ 823,438	\$ 22,115,387

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, 2021

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

Total net change in governmental funds fund balances	\$ 1,792,226
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	258,073
Depreciation Expense	(2,876,529)
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	3,602,441
Increase in accrued leave	(54,075)
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	1,085,323
Change in Net Position of Governmental Activities	\$ 3,807,459

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 2020-2021 school year was approximately 177 pupils.

The District passed through \$1,463,526 in per pupil funding, \$417,320 in mill levy override, and \$161,612 in other State and Federal grants for a total of \$2,042,458 in other instructional expenditures. Administrative costs of \$73,176 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, 2021, the liability for accumulated sick leave approximated \$640,836. Long-term liabilities expected to be financed from the proprietary fund would be accounted for in the proprietary fund.

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.

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, 2021. 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 2.340 mill override, or approximately \$25.5 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, 2021. The District over-expended budget appropriations in the debt service fund, which may be a violation of state law.

Interfund Transactions:

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

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, 2021 are \$6,372,063.

Restricted for Emergencies and Multi-Year Obligations:

These restrictions are established to comply with TABOR. Recorded TABOR emergency reserves at June 30, 2021 are \$955,956. Recorded multi-year obligations reserves at June 30, 2021 are \$308,000.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Fund Equity – Continued:

Restricted for Preschool:

These restrictions are established to comply with the Colorado Preschool and Kindergarten Act. Recorded amounts at June 30, 2021 are \$69,345.

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, 2021 are \$1,394,379.

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 and OPEB liability not included in pension expense reported in the government-wide statement of net position.

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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

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, 2021.

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.

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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

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. FDIC insurance is \$250,000 for each financial institution and bank deposits covered by PDPA were \$3,755,458.

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, 2021, the General Fund held \$13,769,334 and the Capital Projects fund held \$1,271,272 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, 2021, the Debt Service Fund held debt service tax proceeds of \$6,281,015 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, 6/30/20	Additions	Deletions	Transfers	Balance, 6/30/21
Land and Improvements	\$ 2,477,696	\$ 23,258	\$ --	\$ --	\$ 2,500,954
Water Certificates	1,987,855	--	--	--	1,987,855
Buildings and Improvements	114,990,310	107,769	--	--	115,098,079
Equipment	1,591,969	127,046	--	--	1,719,015
Transportation Equipment	1,873,033	--	--	--	1,873,033
	122,920,863	258,073	--	--	123,178,936
Less Accumulated Depreciation:					
Land and improvements	318,449	29,047	--	--	347,496
Buildings and improvements	17,648,074	2,360,726	--	--	20,008,800
Equipment	481,606	299,453	--	--	781,059
Transportation equipment	553,973	187,303	--	--	741,276
	19,002,102	2,876,529	--	--	21,878,631
Total Capital Assets	\$ 103,918,761	\$ (2,618,456)	\$ --	\$ --	\$ 101,300,305

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

Instruction	\$ 2,689,226
Transportation	187,303

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

	Balance, 6/30/20	Additions	Deletions	Balance, 6/30/21
Land and Improvements	\$ 115,780	\$ --	\$ --	\$ 115,780
Building and Improvements	3,629,192	--	--	3,629,192
Furniture and Equipment	562,667	53,200	--	615,867
	4,307,639	53,200	--	4,360,839
Less: Accumulated depreciation	964,951	179,354	--	1,144,305
Capital Assets, Net	\$ 3,342,688	\$ (126,154)	\$ --	\$ 3,216,534

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, 2021 consist of the following:

June 30, 2021	Interfund Receivables	Interfund Payables
General Fund:		
General Fund	\$ --	\$ 969,443
Cash in Lieu Fund	24,706	--
Insurance Fund	--	13,012
Colorado Preschool	126,313	--
Total General Fund	151,019	982,455
Food Service Fund	--	79,545
Grant Fund	60,997	--
Bond Redemption Fund	70,544	--
Capital Projects Fund	59,751	--
Capital Reserve Fund	694,314	--
Activity Funds	25,375	--
Total Governmental Funds	\$ 1,062,000	\$ 1,062,000

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, 2021 are as follows:

Governmental Funds:	Transfers In	Transfers Out
General Fund	\$ --	\$ 1,100,000
Capital Projects Reserve Fund	1,100,000	--
Total	\$1,100,000	\$ 1,100,000

The General Fund transferred funds to the capital projects reserve 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, 6/30/20	Additions	Deletions	Balance, 6/30/21	Due Within One Year
2018 Refunding Loan	\$ 2,330,000	\$ --	\$ 160,000	\$ 2,170,000	\$ 170,000
2016 Refunding Bonds	11,520,000	--	1,555,000	9,965,000	1,605,000
2016 Refunding Bonds Premium	1,147,207	--	229,442	917,765	--
2016 G.O. Bond	56,830,000	--	315,000	56,515,000	325,000
2016 G. O. Bonds Premium	5,915,983	--	347,999	5,567,984	--
2006 Capital Appreciation Bonds	2,005,000	--	995,000	1,010,000	1,010,000
Accrued compensated absences	586,761	54,075	--	640,836	--
	\$80,334,951	\$ 54,075	\$ 3,602,441	\$ 76,786,585	\$ 3,110,000

The District had a restatement of the net position as of July 1, 2020 to include capital appreciation bonds not previously included as debt.

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:

All 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
2022	\$ 3,110,000	\$ 3,105,528	\$ 6,215,528
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	3,795,000	2,582,874	6,377,874
2027-2031	21,400,000	10,413,155	31,813,155
2032-2036	25,505,000	4,785,125	30,290,125
2037	5,890,000	582,000	6,472,000
Totals	\$ 69,660,000	\$ 30,043,956	\$ 99,703,956

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

June 30	2021
Note payable to a bank in monthly installments of \$3,095, with balance due in June 2027, interest at 5.25%, collateralized by property	\$ 189,971

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

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21
Note Payable	\$ 216,375	\$ --	\$ 26,404	\$ 189,971

Future maturities of long-term debt are as follows:

Year Ending June 30	Annual Maturities
2022	\$ 27,825
2023	29,321
2024	30,898
2025	32,560
2026	34,311
2027	35,056
Total	\$ 189,971

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, 2021, are estimated to be \$2,401,160.

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, 2020. 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, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible 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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

Eligible benefit recipients under the PERA benefit structure who began membership 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, 2021: Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 10.00 percent of their PERA-includable salary during the period of July 1, 2020 through June 30, 2021. Employer contribution requirements are summarized in the table below:

Period	July 1, 2020 – June 30, 2021
Employer contribution rate as a percentage of salary	10.90%
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	9.88%
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	19.88%

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. § 24-51-414, the State is required to contribute \$225 million (actual dollars) 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. House Bill (HB) 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020 for the State’s 2020-21 fiscal year.

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 \$2,650,613 for the year ended June 30, 2021.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The District proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2020 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. § 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021, District reported a liability of \$40,818,554 for its proportionate share of the net pension liability. 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, 2021	
The District’s proportionate share of the net pension liability	\$ 40,818,554
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District.	--
Total	\$ 40,818,554

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

At December 31, 2020, the District’s proportion was .27 percent, which is approximately .05 percent more than its proportion measured at December 31, 2019.

For the year ended June 30, 2021 the District recognized pension expense of \$1,672,390. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,242,777	\$ --
Net difference between projected and actual earnings on pension plan investments	--	8,985,092
Changes in assumptions and other inputs	3,926,618	6,861,254
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,107,681	--
Contributions subsequent to the measurement date	1,346,915	--
Total	\$ 11,623,991	\$ 15,846,346

Deferred outflows of resources related to pensions of \$1,346,915, 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, 2022. 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
2022	\$ (5,394,135)
2023	2,246,422
2024	(1,004,108)
2025	(1,417,449)
	\$ (5,569,270)

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, 2019 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)

1.25%

PERA Benefit Structure hired after 12/31/06 ¹

Financed by the Annual
Increase Reserve

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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, 2019, 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.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% – 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%

Post-retirement benefit increases:

PERA Benefit Structure hired prior to 1/1/07
(automatic)

1.25%

PERA Benefit Structure hired after 12/31/06 ¹

Financed by the Annual
Increase Reserve

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 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. 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. Employer contributions also include 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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State’s 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index 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 proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

June 30, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 55,679,851	\$ 40,818,554	\$ 28,434,197

Pension plan fiduciary net position. Detailed information about the SCHDTF’s FNP is available in PERA’s Annual 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 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.

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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Defined Benefit Pension Plan – Continued:

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

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

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

PERA Benefit Structure: The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

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 District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$107,102 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,425,338 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, 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, 2019.

For the year ended June 30, 2021, the Weld County School District RE-3(J) recognized OPEB expense of approximately \$32,745. At June 30, 2021, 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	\$ 3,783	\$ 313,358
Changes of assumptions or other inputs	10,650	87,400
Difference between projected and actual investment earnings	--	58,241
Contributions subsequent to measurement date	13,880	--
Total	\$ 28,313	\$ 458,999

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

Deferred outflows of resources related to OPEB of \$13,880, 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
2022	\$ (103,782)
2023	(95,634)
2024	(106,334)
2025	(98,888)
2026	(37,530)
2027	(2,398)
	<u>\$ (444,566)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, gradually rising to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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 2020 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members Without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 per month.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2019, 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
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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%

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

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.

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

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period 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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019. The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019. Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019. The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.

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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board’s actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

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 nominal rate of return assumption of 7.25 percent.

Sensitivity of the District 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
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
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	1,388,498	1,425,338	1,468,224

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, 2020, 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 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP 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.

WELD COUNTY SCHOOL DISTRICT RE-3(J)

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Other Postemployment Benefits – Continued:

Sensitivity of the District 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	\$ 1,632,750	\$ 1,425,338	\$ 1,248,120

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual 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.

NOTE 12 – Restatement of Net Position:

As of July 1, 2020, the District had a restatement of the net position as of July 1, 2020 to include debt for capital appreciation bonds not previously included as debt.

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

Net Position – June 30, 2020, as previously reported	\$ (2,070,285)
<u>Restatement due to capital appreciation bonds</u>	<u>(2,005,000)</u>
<u>Net Position – June 30, 2020, as restated</u>	<u>\$ (4,075,285)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Year Ended June 30, 2021	General Fund			
	Actual	Original Budget	Final Budget	Variance
Revenue:				
Local sources	\$ 27,644,562	\$ 22,272,064	\$ 27,345,563	\$ 298,999
State sources	1,021,067	4,926,663	865,615	155,452
Federal sources	1,751,787	1,650,263	1,650,263	101,524
Other	10,271	55,675	55,600	(45,329)
Total Revenue	30,427,687	28,904,665	29,917,041	510,646
Expenditures:				
Instruction	16,461,414	15,904,836	16,219,311	(242,103)
Supporting services	11,472,209	12,125,190	12,320,933	848,724
Capital outlay	26,903	189,000	189,000	162,097
Appropriated reserves	-	3,756,239	3,061,388	3,061,388
Total Expenditures	27,960,526	31,975,265	31,790,632	3,830,106
Revenue Over (Under) Expenditures	2,467,161	(3,070,600)	(1,873,591)	4,340,752
Other Financing Sources (Uses):				
Operating transfers in (out)	(1,100,000)	(600,000)	(1,100,000)	-
Total Other Financing Sources (Uses)	(1,100,000)	(600,000)	(1,100,000)	-
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,367,161	(3,670,600)	(2,973,591)	4,340,752
Fund Balance, Beginning of Year	10,657,123	10,657,123	10,657,123	-
Fund Balance, End of Year	\$ 12,024,284	\$ 6,986,523	\$ 7,683,532	\$ 4,340,752

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
2021	\$ 2,650,613	\$ 2,650,613	\$14,001,921	18.9%
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
2021	\$ 139,846	\$ 139,846	\$14,001,921	1.0%
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
2021	0.27%	\$ 40,818,554	\$ 14,001,921	292%	67.0%
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
2021	0.15%	\$ 1,425,338	\$ 14,001,921	10%	32.8%
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, 2021	Actual	Original Budget	Final Budget	Variance
Other:				
Interest	\$ -	\$ -	\$ -	\$ -
Other local revenue	-	-	-	-
Total Revenue	\$ -	\$ -	\$ -	\$ -

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Supporting Services	\$ -	\$ -	\$ -	\$ -
Capital Outlay:				
Land and improvements	78,204	100,000	100,000	21,796
Buildings	170,832	250,000	250,000	79,168
Equipment and vehicles	-	-	-	-
Expenditures:				
Debt Service:				
Principal payments	268,345	268,345	266,656	(1,689)
Interest on loan	-	-	-	-
Total Expenditures	\$ 517,381	\$ 618,345	\$ 616,656	\$ 99,275

Schedule of Operating Transfers Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Operating Transfers In:				
General Fund	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ -

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Other:				
Interest	\$ 2,468	\$ -	\$ -	\$ 2,468
Other Income	-	-	-	-
Total Revenue and Other Financing Sources	\$ 2,468	\$ -	\$ -	\$ 2,468

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Supporting Services	\$ -	\$ -	\$ -	\$ -
Capital Outlay:				
Land and improvements	-	193,438	150,000	150,000
Buildings	277,612	568,753	250,000	(27,612)
Equipment and vehicles	-	-	-	-
Appropriated Reserve	-	-	-	-
Expenditures:				
Other	-	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	\$ 277,612	\$ 762,191	\$ 400,000	\$ 122,388

Schedule of Operating Transfers Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Operating Transfers In:				
General Fund	\$ -	\$ -	\$ -	\$ -

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Local Sources:				
Property taxes, current	\$ 25,480,142	\$ 20,297,268	\$ 25,417,298	\$ 62,844
Delinquent taxes	36,074	3,500	3,500	32,574
Specific ownership taxes	1,313,989	1,381,320	1,341,475	(27,486)
Other	814,357	589,976	583,290	231,067
Total Local Sources	27,644,562	22,272,064	27,345,563	298,999
State Sources:				
Vocational education	-	60,000	-	-
State equalization	-	3,171,197	-	-
Transportation	-	150,000	-	-
Other grants	1,021,067	1,545,466	865,615	155,452
Total State Sources	1,021,067	4,926,663	865,615	155,452
Federal Sources:				
CRF	1,272,214	1,272,214	1,272,214	-
CRF - At Risk	101,524	-	-	101,524
ESSER	378,049	378,049	378,049	-
Total Federal Sources	1,751,787	1,650,263	1,650,263	101,524
Other:				
Interest	10,271	55,675	55,600	(45,329)
Total Revenue	\$ 30,427,687	\$ 28,904,665	\$ 29,917,041	\$ 510,646

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

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Instruction:				
Current operating:				
Salaries	\$ 9,218,600	\$ 9,229,151	\$ 9,043,115	\$ (175,485)
Employee benefits	3,474,938	3,740,184	3,688,601	213,663
Purchased services	718,763	868,176	881,183	162,420
Supplies and materials	1,162,919	612,558	712,681	(450,238)
Other	1,886,194	1,451,767	1,890,731	4,537
Capital outlay	1,730	3,000	3,000	1,270
Total Instruction	16,463,144	15,904,836	16,219,311	(243,833)
Supporting Services:				
Pupils:				
Current operating:				
Salaries	965,225	920,126	906,783	(58,442)
Employee benefits	390,944	374,977	363,452	(27,492)
Purchased services	281,353	245,671	307,405	26,052
Supplies and materials	26,638	40,620	40,620	13,982
Other	1,775	-	-	(1,775)
Capital outlay	-	-	-	-
Total Pupils	1,665,935	1,581,394	1,618,260	(47,675)
Instructional support:				
Current operating:				
Salaries	564,783	664,425	621,308	56,525
Employee benefits	206,002	255,631	236,748	30,746
Purchased services	350,454	158,578	161,769	(188,685)
Supplies and materials	65,083	40,600	40,600	(24,483)
Other	-	1,650	1,650	1,650
Capital outlay	-	-	-	-
Total Instructional Staff	1,186,322	1,120,884	1,062,075	(124,247)
General administration:				
Current operating:				
Salaries	676,544	699,970	1,030,220	353,676
Employee benefits	279,962	266,357	271,433	(8,529)
Purchased services	645,940	640,570	725,573	79,633
Supplies and materials	967,882	951,432	965,932	(1,950)
Other	26,190	24,500	25,250	(940)
Capital outlay	24,674	175,000	175,000	150,326
Total General Administration	2,621,192	2,757,829	3,193,408	572,216

Continued on next page.

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

Schedule of Expenditures Compared with Budget - Continued

Year Ended June 30, 2021	Actual	Final Budget	Final Budget	Variance
Supporting Services - Continued:				
School administration:				
Current operating:				
Salaries	\$ 1,141,894	1,165,847	1,162,769	\$ 20,875
Employee benefits	434,918	437,304	438,497	3,579
Purchased services	11,458	10,805	10,805	(653)
Supplies and materials	16,197	13,000	13,000	(3,197)
Other	4,880	500	500	(4,380)
Capital outlay	-	1,000	1,000	1,000
Total School Administration	1,609,347	1,628,456	1,626,571	17,224
Operations and maintenance:				
Current operating:				
Salaries	871,303	1,038,176	937,758	66,455
Employee benefits	392,420	493,603	438,964	46,544
Purchased services	656,553	898,457	898,457	241,904
Supplies and materials	1,005,931	934,450	1,034,450	28,519
Other	505	500	500	(5)
Capital outlay	499	5,000	5,000	4,501
Total Operations and Maintenance	2,927,211	3,370,186	3,315,129	387,918
Pupil transportation:				
Current operating:				
Salaries	439,267	560,011	494,063	54,796
Employee benefits	151,433	199,815	180,369	28,936
Purchased services	68,670	80,213	80,213	11,543
Supplies and materials	170,518	340,500	270,500	99,982
Other	9	450	450	441
Capital outlay	-	5,000	5,000	5,000
Total Pupil Transportation	829,897	1,185,989	1,030,595	200,698
Other Supporting Services:				
Current operating:				
Insurance	657,478	669,452	663,895	6,417
Total Supporting Services	11,497,382	12,314,190	12,509,933	1,012,551
Appropriated Reserves	-	3,756,239	3,061,388	3,061,388
Total Expenditures	\$ 27,960,526	\$ 31,975,265	\$ 31,790,632	\$ 3,830,106

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

Schedule of Operating Transfers Compared to Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Operating Transfers Out:				
Capital Projects Fund	\$ -	\$ -	\$ -	\$ -
Capital Reserve Projects Fund	1,100,000	600,000	1,100,000	-
Total Transfers	\$ 1,100,000	\$ 600,000	\$1,100,000	\$ -

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Revenue:				
Local Sources:				
Property taxes, current	\$ 5,941,379	\$ 4,951,375	\$ 5,951,375	\$ (9,996)
Other revenue	-	-	-	-
Total Local Sources	5,941,379	4,951,375	5,951,375	(9,996)
Other:				
Interest	7,989	-	-	7,989
Total Revenue	\$ 5,949,368	\$ 4,951,375	\$ 5,951,375	\$ (2,007)

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Expenditures:				
Debt Service:				
Principal payments	\$ 2,865,000	\$ 1,870,000	\$ 1,870,000	\$ (995,000)
Interest on bonds	3,081,375	3,081,375	3,081,375	-
Debt issuance costs	1,800	10,000	10,000	8,200
Total Expenditures	\$ 5,948,175	\$ 4,961,375	\$ 4,961,375	\$ (986,800)

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

COMBINING BALANCE SHEET

June 30, 2021	Designated Grants Fund	Permanent Fund	Food Service Fund	Activity Fund	Total
ASSETS					
Cash	\$ -	\$ 16,936	\$ 211,881	\$ 460,048	\$ 688,865
Investments and Bank CD's	-	60,131	-	-	60,131
Due From Other Funds	60,997	-	-	25,375	86,372
Other Receivables	93,071	-	140,529	-	233,600
TOTAL ASSETS	\$ 154,068	\$ 77,067	\$ 352,410	\$ 485,423	\$ 1,068,968
LIABILITIES					
Accounts Payable	\$ 40,134	\$ -	\$ (1,074)	\$ 1,128	\$ 40,188
Accrued Salaries and Benefits	111,920	-	-	-	111,920
Unearned Revenue	2,014	-	11,863	-	13,877
Due To Other Funds	-	-	79,545	-	79,545
Total Liabilities	154,068	-	90,334	1,128	245,530
FUND BALANCES					
Nonspendable	-	77,067	262,076	-	339,143
Assigned:					
Capital Outlay	-	-	-	-	-
Student Activities	-	-	-	484,295	484,295
Total Fund Balances	-	77,067	262,076	484,295	823,438
TOTAL LIABILITIES AND FUND BALANCE	\$ 154,068	\$ 77,067	\$ 352,410	\$ 485,423	\$ 1,068,968

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

COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended June 30, 2021	Designated Grants Fund	Permanent Fund	Food Service Fund	Activity Fund	Total
Revenue:					
Interest	\$ -	\$ 558	\$ 209	\$ -	\$ 767
Local sources	8,825	-	9,676	219,963	238,464
State sources	14,789	-	8,439	-	23,228
Federal sources	1,086,130	-	784,197	-	1,870,327
Total Revenue	1,109,744	558	802,521	219,963	2,132,786
Expenditures:					
Instruction	1,061,066	-	-	-	1,061,066
Supporting services	48,678	-	676,428	214,417	939,523
Capital outlay	-	-	15,800	-	15,800
Non-capital outlay	-	-	-	-	-
Total Expenditures	1,109,744	-	692,228	214,417	2,016,389
Revenue (Under) Over Expenditures	-	558	110,293	5,546	116,397
Other Financing Sources (Uses):					
Operating transfers in (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Fund Balances, Beginning of Year	-	76,509	151,783	478,749	707,041
Fund Balances, End of Year	\$ -	\$ 77,067	\$ 262,076	\$ 484,295	\$ 823,438

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Revenue:				
Local sources	\$ 8,825	\$ 8,452	\$ 8,452	\$ 373
State sources	14,789	-	-	-
Federal sources	1,086,130	1,155,838	1,151,809	(65,679)
Total Revenue	\$ 1,109,744	\$ 1,164,290	\$ 1,160,261	\$ (65,306)

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Instruction	\$ 1,061,066	\$ 1,002,976	\$ 998,756	\$ (62,310)
Supporting Services	48,678	161,314	158,282	109,604
Capital Outlay:				
Equipment	-	-	-	-
Total Expenditures	\$ 1,109,744	\$ 1,164,290	\$ 1,157,038	\$ 109,604

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

Schedule of Revenue Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Miscellaneous Revenue:				
Interest	\$ 558	\$ 500	\$ 550	\$ 8
Total Revenue	\$ 558	\$ 500	\$ 550	\$ 8

Schedule of Expenditures Compared with Budget

Year Ended June 30, 2021	Actual	Budget	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, 2021	Actual	Original Budget	Final Budget	Variance
Operating Revenue:				
Food and milk sales	\$ 9,676	\$ 447,150	\$ 38,841	\$ (29,165)
Nonoperating Revenue:				
Federal grants	743,342	562,504	625,000	118,342
State grants	8,439	20,799	8,439	-
U.S.D.A. commodities	40,855	76,150	76,150	(35,295)
Interest	209	150	150	59
Total Revenue	\$ 802,521	\$ 1,106,753	\$ 748,580	\$ 53,941

Schedule of Expenses Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Operating Expenses:				
Salaries and benefits	\$ 46,899	\$ 44,493	\$ 44,493	\$ (2,406)
Supplies (contractors)	42,224	85,150	84,892	42,668
Purchased Services	587,305	976,760	618,845	31,540
Capital Outlay:				
Equipment	15,800	350	350	(15,450)
Total Expenses	\$ 692,228	\$ 1,106,753	\$ 748,580	\$ 56,352

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

Schedule of Additions Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Student Activities	\$ 219,963	\$ 520,000	\$ 510,000	\$ (290,037)
Total Additions	\$ 219,963	\$ 520,000	\$ 510,000	\$ (290,037)

Schedule of Deductions Compared with Budget

Year Ended June 30, 2021	Actual	Original Budget	Final Budget	Variance
Student Activities	\$ 214,417	\$ 530,000	\$ 510,000	\$ 295,583
Total Deductions	\$ 214,417	\$ 530,000	\$ 510,000	\$ 295,583

CARDINAL COMMUNITY ACADEMY

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2021	Actual	Original Budget	Amended Budget	Variance
Revenue:				
Weld County School District RE-3(J) PPR	\$ 1,463,526	1,323,731	\$ 1,463,517	\$ 9
Mill Levy override	417,320	316,036	310,769	106,551
Colorado Department of Education grants	91,981	68,705	49,000	42,981
State grant - rural funds	28,784	25,000	28,000	784
Federal grants	139,844	98,000	122,705	17,139
Contributions, interest, and other	104,305	178,868	223,868	(119,563)
Total Revenue	2,245,760	2,010,340	2,197,859	47,901
Expenditures:				
Current:				
Instruction:				
Teachers' salaries	592,208	580,681	595,183	2,975
Substitute teachers	6,226	15,000	15,000	8,774
Teachers aides	108,172	100,010	104,501	(3,671)
After school staff	6,958	9,302	9,363	2,405
Supplemental contracts	9,000	8,500	8,500	(500)
Incentives	3,400	3,400	3,400	-
PERA contributions	129,097	192,813	192,805	63,708
Other benefits	56,446	71,103	71,103	14,657
Special education	110,417	90,000	90,000	(20,417)
Educational equipment & furniture	32,053	35,500	35,500	3,447
Instructional materials & supplies	29,862	45,000	45,000	15,138
CARES Act	98,997	-	98,000	(997)
Total Instruction	1,182,836	1,151,309	1,268,355	85,519
Supporting Services:				
RE-3(J) administrative withholding	73,176	95,000	95,000	21,824
Director salary	66,300	66,300	66,300	-
Office staff salary	89,023	107,005	88,010	(1,013)
Staff development	-	15,000	12,500	12,500
Accountability/evaluation	-	4,200	4,200	4,200
PERA contributions	40,611	-	-	(40,611)
Custodian	36,556	35,750	35,655	(901)
Utilities	46,833	50,000	50,000	3,167
Telephone	3,215	5,000	5,000	1,785
Office supplies	-	10,000	10,000	10,000
Building expense	15,367	40,000	40,000	24,633
Insurance	40,412	43,000	43,000	2,588
Equipment rentals	11,748	12,000	12,000	252
Water/wastewater	8,115	12,500	12,500	4,385
Contracted services	46,529	31,500	51,500	4,971
Fundraising expense	64,032	75,000	75,000	10,968
PTO expense	12,404	75,000	75,000	62,596
Miscellaneous expense	19,800	34,000	34,000	14,200
Total Supporting Services	574,121	711,255	709,665	135,544
Capital outlay	82,435	80,000	130,000	47,565
Debt service (principal)	26,251	22,639	22,639	(3,612)
Interest expense	10,883	17,695	17,695	6,812
Total Expenditures	1,876,526	1,982,898	2,148,354	271,828
Revenue Over (Under) Expenditures	369,234	27,442	49,505	319,729
Fund Balance, Beginning of Year	1,432,333	1,432,333	1,432,333	-
Fund Balance, End of Year	\$ 1,801,567	\$ 1,459,775	\$ 1,481,838	\$ 319,729

WELD COUNTY SCHOOL DISTRICT RE-3(J)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

Agency/Program Grant Title	Pass-Through Identification Number	Assistance Listing Number	Expenditures
<u>Department of Agriculture</u>			
Child Nutrition Cluster:			
Passed Through CDHHS:			
Food Distribution		10.555	\$ 40,857
Passed Through Colorado Department of Education:			
National School Lunch Program	4555	10.555	128,381
School Breakfast Program	4553	10.553	-
Summer Food Service Program for Children	4559	10.559	614,961
			784,199
<u>Department of Education</u>			
Passed Through Colorado Department of Education:			
Title I Grants to Local Education Agencies	4010	84.010	489,185
Title III Part A ELA	4365	84.365	32,792
Title II Part A Teacher Quality	4367	84.367	104,343
Title IV Part A - Student Support and Enrichment	4424	84.424	33,446
Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	4425	84.425D	378,049
<u>Department of US Treasury</u>			
Coronavirus Relief Fund	4012	21.019	1,272,214
Coronavirus Relief Fund - At Risk	5012	21.019	101,524
Total Federal Assistance			\$ 3,195,752

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, 2021

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 Coronavirus Relief Fund (21.019) Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (84.425D)
- 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, 2021

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, 2021. 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, 2021.

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.

January 26, 2022



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, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 26, 2022.

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 financial statements. 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.

January 26, 2022



Colorado Department of Education
Auditors Integrity Report
 District: 3090 - Weld County School District RE-3j
 Fiscal Year 2020-21
 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	10,530,329		26,704,142	25,338,964		11,895,507
18 Risk Mgmt Sub-Fund of General Fund	117,039		600,227	657,835		59,431
19 Colorado Preschool Program Fund	9,755		559,791	500,200		69,346
Sub-Total	10,657,123		27,864,161	26,496,998		12,024,285
11 Charter School Fund	1,432,334		2,245,761	1,876,527		1,801,568
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	151,785		802,522	692,229		262,078
22 Govt Designated-Purpose Grants Fund	0		1,109,744	1,109,744		0
23 Pupil Activity Special Revenue Fund	478,749		219,963	214,418		484,294
24 Full Day Kindergarten Mill Levy Override	0		0	0		0
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	6,370,870		5,949,369	5,948,175		6,372,064
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	1,669,522		2,468	277,612		1,394,379
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	918,604		1,100,000	517,380		1,501,223
46 Supplemental Cap Const. Tech. Main Fund	0		0	0		0
Totals	21,678,987		39,293,988	37,133,083		23,839,891
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	76,509		558	0		77,067
85 Foundations	0		0	0		0
Totals	76,509		558	0		77,067

FINAL