



Weld County School District RE-1

Financial Statements and Supplementary Information

For the Year Ended June 30, 2015

Weld County School District RE-1

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Independent Auditor's Report

Board of Education
Weld County School District RE-1
Gilcrest, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Weld County School District RE-1 (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Weld County School District RE-1 as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matter

As discussed in Note 2 to the basic financial statements, the District has changed its method for accounting and reporting pension plans during 2015 due to the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The adoption of the standard required retrospective application resulting in a \$30,396,753 reduction of previously reported net position. Our opinion is not modified with respect to this matter.

As discussed in Note 3 to the basic financial statements, the District has determined that the food service operations should be reported as a special revenue fund, instead of as an enterprise fund. The beginning fund balance of the Food Service Fund was increased by \$287,042 and in the governmental activities by \$331,800, with a corresponding decrease in the net position of business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, budgetary comparison information on page 46, Schedule of the District's Proportionate Share of the Net Pension Liability on page 47, and Schedule of District Contributions on pages 48 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The budgetary comparison schedules, Auditor's Integrity Report, and Bolded Balance Sheet on pages 50 through 55 and statistical section on pages 64 through 67 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The budgetary comparison schedules, Auditor's Integrity Report, Bolded Balance Sheet, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The budgetary comparison schedules, Auditor's Integrity Report, Bolded Balance Sheet, and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, Auditor's Integrity Report, Bolded Balance Sheet, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2015 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. 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* in considering the District's internal control over financial reporting and compliance.

Anton Collins Mitchell LLP

Greeley, Colorado
December 22, 2015

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

This section of the Weld County School District RE-1's (the "District") annual financial report offers readers of the District's financial statements management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follows this section.

Financial Highlights

- Governmental activities total assets totaled \$31,854,635 in cash, investments and other current assets. Liabilities for governmental activities totaled \$37,847,804.
- General revenues account for approximately \$16.9 million, or 88.7 percent, of all revenues as compared to \$16.4 million, or 86.3 percent, of all revenue during fiscal year 2014. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for \$2.2 million, or 11.4 percent, of total revenues versus \$2.6 million or 13.7 percent of total revenue during fiscal year 2014.
- The net position of governmental activities decreased by \$2,450,770 in 2015.
- The District had \$21.6 million in expenses related to governmental activities compared to \$17.3 million during fiscal year 2014; \$2.1 million of these expenses were offset by program specific charges for services as compared to \$1.8 million during the prior year. General revenues, primarily state equalization payments, property taxes and specific ownership taxes, of \$16.7 million during the current year plus carryover funds from prior years, were adequate to provide for these programs.
- The General Fund, the District's only major fund, had \$17.8 million and \$17.3 million in revenues during fiscal years ending June 30, 2015 and 2014, and \$18.4 million and \$16.8 million in expenditures during those same two years. The General Fund's fund balance decreased by \$0.6 million to \$5.0 million during 2015. The decrease is due to the District transferring \$199,250 to the Building Fund for Phase I and II of the District-wide security upgrade, two new CNG buses, and raises for certified and classified staff.
- The statement of net position reflects the changes in regards to the implementation of GASB 68 (pension liability). Due to this change, net position of governmental activities beginning balance was adjusted from last years' ending balance by \$30,396,753. The District has complied with the required recording of the liability, but as this liability falls under Colorado Public Employees' Retirement Association (PERA), the District's responsibility to pay the liability is on its actual payroll as expenses are incurred.
- Per CRS 22-45-R-3.00, the Food Service Fund was reclassified at the beginning of the year as a special revenue fund, and is no longer classified as an enterprise fund (business-type activity).

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required and other supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. This section also includes any Colorado mandated reports and the schedule of expenditures of federal awards.

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Below is a detailed diagram showing how the various parts of this annual report are arranged and related to one another.

**Table 1
Organization of Weld County School District RE-1 Annual Financial Report**

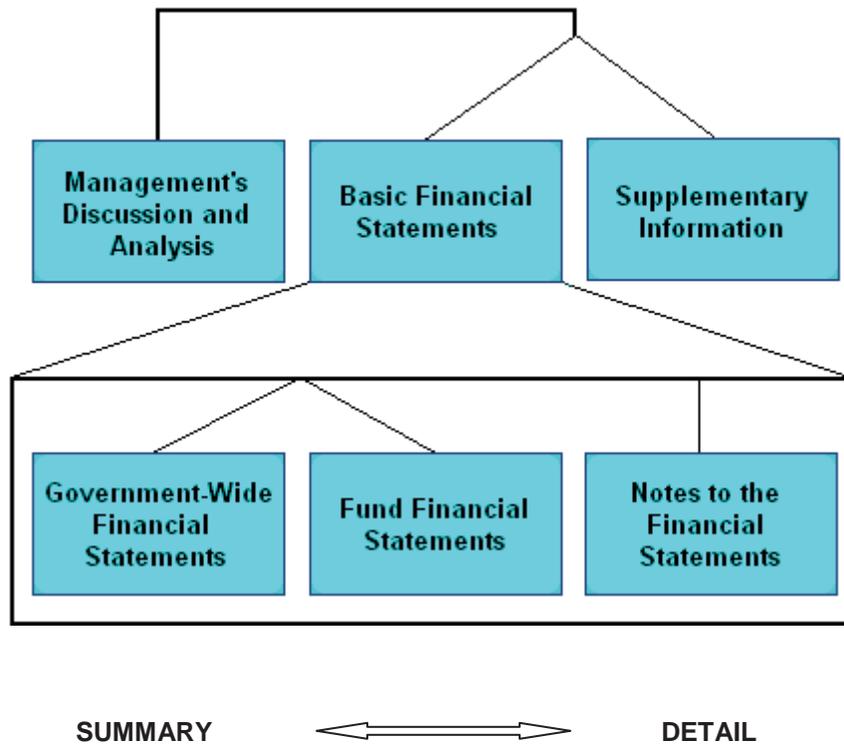


Table 2, displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights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

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Table 2

	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Major Features of the Government-wide and Fund Financial Statements

Government-wide Statements

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

The government-wide financial statements are designed to provide readers a broad overview of the District's finances. These statements provide both *short-term* and *long-term* information about the District's *overall* financial status.

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 assets*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors, such as the condition of school buildings and other facilities.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Included in governmental activities are all of the District's basic services such as regular and special education, transportation, maintenance and operations, food services, and administration. The District no longer reports any business-type activities due to the change in the reporting of the Food Service Fund.

The basic government-wide financial statements can be found on pages 17-19 of this report.

Fund Financial Statements

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. The other governmental funds are the capital projects fund and food services funds. Additional information for each of these governmental funds is

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

provided in the form of budgetary comparison schedules in the other supplementary information section of this report. Also included in the other supplementary information section is budget-to-actual information for all District funds as required by State law.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

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

The District currently has one fiduciary fund titled the Student Activity Fund. This fund is used to account for all student activities.

The basic fiduciary fund statement can be found on page 24 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 25-45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required and other supplementary information*. This includes budget-to-actual information for all funds as dictated by State law. Additionally, the Colorado Department of Education electronic data transmission reports are included in this section. Finally the reports to governmental agencies and the schedule of expenditures of federal awards sections include the single audit information related to federal funding awards.

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

The District's *combined* net position was smaller on June 30, 2015, than the year before, decreasing to \$(2.4) million. Table 3 on the next page provides a summary of the District's net position at June 30, 2015.

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

**Table 3
Condensed Statement of Net Position**

	2015 Governmental Activities	2014 Total School District
Assets		
Current assets	\$ 7,276,310	\$ 7,496,179
Capital assets	24,578,325	24,297,601
Total assets	31,854,635	31,793,780
Deferred Outflows of Resources	3,612,647	-
Liabilities		
Current liabilities	1,749,167	1,205,311
Long-term liabilities	36,098,637	124,146
Total liabilities	37,847,804	1,329,457
Deferred Inflows of Resources	2,678	-
Net Position		
Net Investment in capital assets	24,348,819	22,273,338
Restricted	817,000	550,400
Unrestricted	(27,549,019)	7,640,585
Total net position - end of year	\$ (2,383,200)	\$ 30,464,323
Total net position - beginning of year (restated)	67,570	29,570,496
Amount of increase/decrease	(2,450,770)	893,887
Percent of increase/decrease	3,627%	3.02%

Note to Table 3- Net position for 2014 was not restated as presented above for the implementation of GASB 68.

At the end of the 2015 fiscal year, District assets reflect positive balances in all of the District funds. Table 4 on the next page provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

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Management's Discussion and Analysis
For the Year Ended June 30, 2015**

**Table 4
Changes in Net Position from Operating Results**

	<u>Governmental Activities</u>	<u>2014 School District</u>
Revenues		
Program Revenues		
Charges for Services	\$ 202,885	\$ 192,282
Operating Grants & Contributions	1,405,193	2,388,952
Capital Grants & Contribution	558,742	37,084
General Revenues		
Property & Specific Ownership Taxes	12,666,282	11,557,903
State Equalization	3,982,261	4,677,482
Other	308,256	116,772
Total Revenues	<u>19,123,619</u>	<u>18,970,475</u>
Expenses		
Instruction	12,434,985	10,556,239
Support Services		
Pupil/Instructional	2,284,924	1,925,705
General Administration	656,026	572,733
School Administration	1,216,998	988,510
Business Services	288,068	246,819
Maintenance/Operations	2,376,758	1,670,700
Pupil Transportation	980,626	856,366
Central Supporting Services	480,518	503,963
Other	16,667	10,512
Interest	7,010	7,244
Food Service Operations	831,809	737,857
Total Expenses	<u>21,574,389</u>	<u>18,076,648</u>
Increase/(Decrease) in Net Position	<u>\$ (2,450,770)</u>	<u>\$ 893,827</u>

Note to Table 4- Net position for 2014 was not restated as presented above for the implementation of GASB 68.

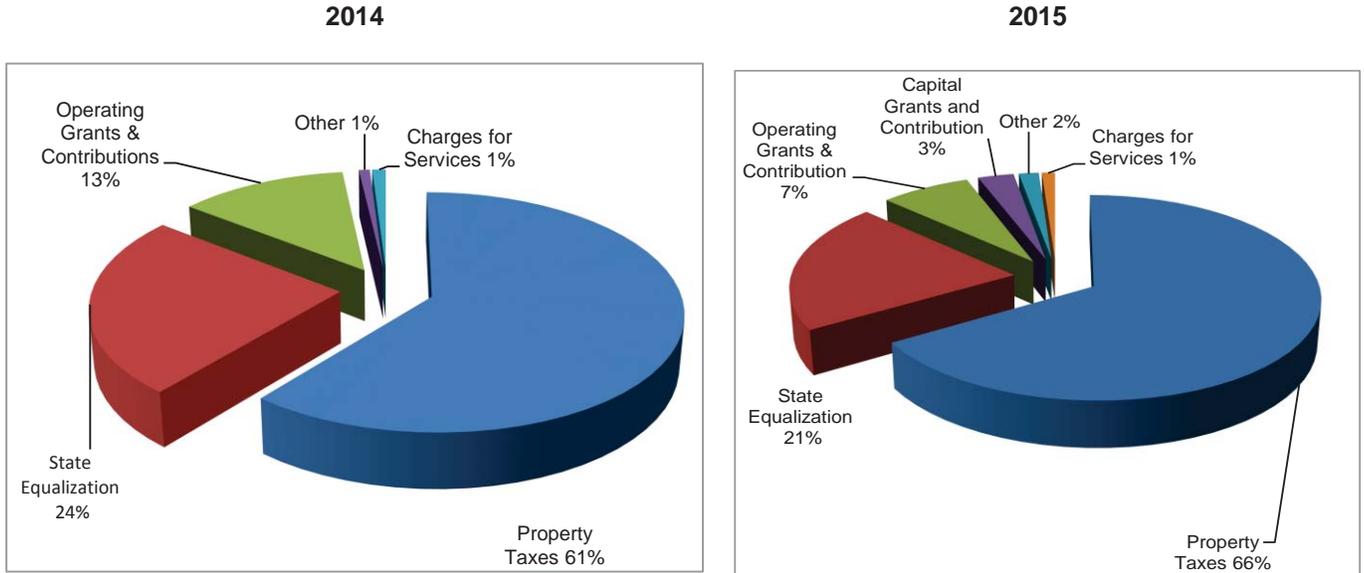
Property and specific ownership taxes and per pupil state formula revenue (state equalization) account for most of the District's revenue, contributing about 66 cents and 21 cents respectively for every dollar raised (see Table 5) on the next page. The remaining 13 cents came from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District's expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District's employees.

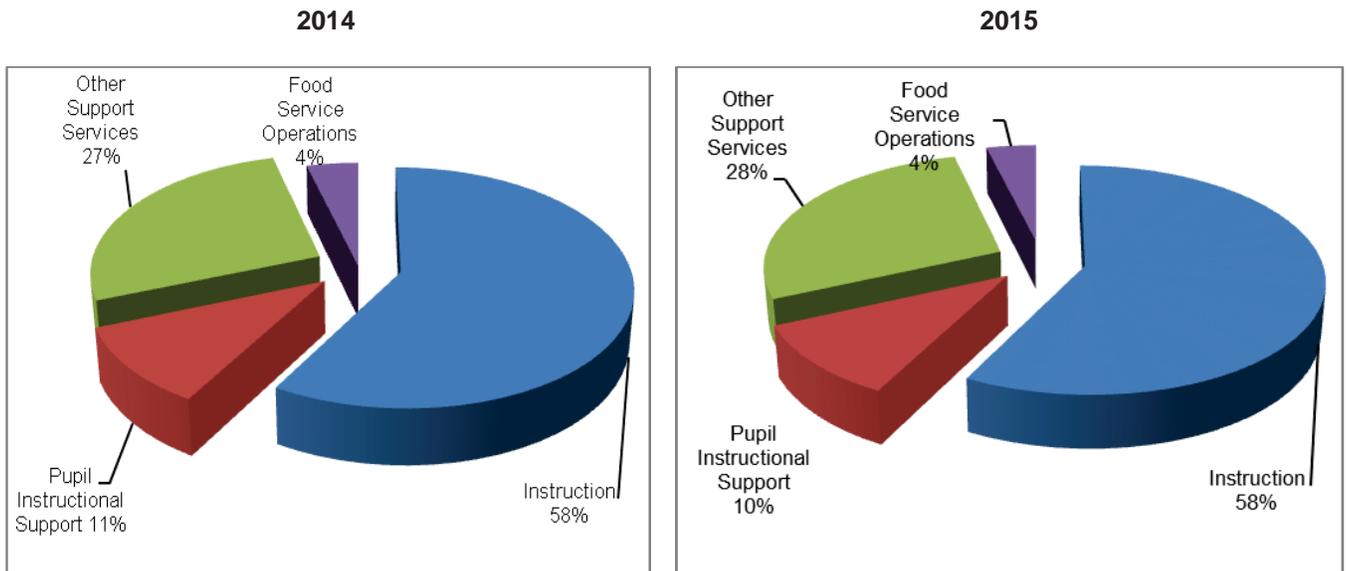
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Management's Discussion and Analysis
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Detailed below in Tables 5 and 6 are charts displaying revenues by source and expenses by program for the total District.

**Table 5
Sources of Revenues for Fiscal Year 2014 and 2015**



**Table 6
Expenses for Fiscal Year 2014 and 2015**



**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this Act, the District received \$7,006 per funded student for fiscal year 2015. Funding for the School Finance Act comes from property taxes, specific ownership tax, and state equalization. The District receives approximately 21 percent of this funding from state equalization while the remaining amounts come from property tax and specific ownership tax. In addition, the District passed a mill levy override ballot question in the 2001 election. This levy increased the general fund revenues by \$2,073,000, to provide operating revenue for increasing salaries and for implementing and expanding instructional programs. In November 2012, an additional \$1,831,000 was approved by voters to restore staff compensation and critical programs. The District receives a total of \$3,904,000 in mill levy override funding.

- The decrease in net position for governmental activities was \$2,450,770 in the 2015 fiscal year, as compared to an increase of \$893,827 in the 2014 fiscal year.

The governmental funds monitor cash resources and expenditures. Capital outlay within these funds was \$1,554,657 during fiscal year 2015, as compared to \$2,113,379 during the prior year. This expenditure is not considered an expense on the Government-wide statement of activities. Rather, these costs are expensed over time as depreciation expense. As reflected on the reconciliation of governmental funds revenues and expenditures to the Government-wide statement of activities on page 23, the net difference between capital outlays and depreciation expense was \$280,724 for the year ended June 30, 2015, and \$885,044 for the year ending June 30, 2014.

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 7 below reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

**Table 7
Net Cost of Governmental Activities**

	<u>2015 Total Cost of Services</u>	<u>2015 Net Cost of Services</u>	<u>2014 Net Cost of Services</u>
Instruction	\$12,434,985	\$12,242,156	\$9,785,307
Pupil/Instructional	2,284,924	2,284,924	1,925,705
General Administration	656,026	656,026	572,733
School Administration	1,216,998	1,216,998	988,510
Business Services	288,068	288,068	246,819
Maintenance/Operations	2,376,758	2,376,758	1,670,700
Public Transportation	980,626	(256,571)	(250,718)
Central Supporting Services	480,518	480,518	503,963
Community Services/Other	16,667	14,331	4,012
Interest Expense	7,010	7,010	7,244
Food Service Operations	831,809	97,351	
Total Expenses	<u>\$21,574,389</u>	<u>\$19,407,569</u>	<u>\$15,454,275</u>

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

The cost of all governmental activities this year was \$21.6 million versus \$17.4 million for the previous fiscal year.

Some of the cost was financed by the users of the District's programs; \$202,885 in 2015 as compared to \$6,862 in 2014. Revenues in this category include items such as facility rental, swimming fees, and contracts with other agencies.

The federal and state government subsidized certain programs with grants and contributions of \$1,405,193 in 2015, versus \$1,840,570 in 2014.

Most of the District's net costs of \$19.4 million in 2015, as compared to \$15.4 million in 2014, however, were financed by District and state taxpayers.

This portion of governmental activities was financed with \$3.98 million in 2015, and \$4.7 million in 2014, in state equalization from the School Finance Act; \$12.7 million in 2015, as compared to \$11.6 million during 2014, in property and specific ownership tax; and \$308,256 in 2015, versus \$116,323 during 2014, in investment earnings and other miscellaneous revenue.

Financial Analysis of District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. In the General Fund, expenditures exceeded revenues in the amount of \$557,380, thereby contributing to a small decrease in the fund balance for that fund. In the Capital Projects Fund, expenditures exceeded revenues, decreasing fund balance to \$331,378. In the Food Service Fund, expenditures exceeded revenues, decreasing fund balance to \$188,246. In the General Fund budgetary highlights section of this analysis, details regarding the components of the General Fund's fund balance are available.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District's final budget for the General Fund shown on page 46 anticipated that revenues, plus carryover funds, would be approximately the same as the 2015 expenditures. The actual results for the year show a \$607,342 decrease for 2015.

- Actual revenues, excluding appropriated reserves, for 2015 were \$489,103 less than anticipated due to a conservative budget approach for 2015 revenues. Actual revenues for 2014 were \$490,103 higher than anticipated. The District only obligates new funds from the growth of new students after enrollment is confirmed.
- The actual expenditures were \$18.4 million in 2015 and \$16.8 million in 2014. The majority of the expense increase is the result of the successful mill levy override election in November 2012. The District is continuing to allocate the mill levy override tax funds for salaries and instructional programs.
- The District must maintain a 3 percent emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2015 and 2014, the District's TABOR reserve amounted to \$547,000 and \$550,400 respectively.

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal year 2015, the District had invested \$24.5 million, net of accumulated depreciation, in a broad range of capital assets, including water rights, land, buildings, site improvements, vehicles, and other equipment (See Table 8) below. This amount represents a net increase of \$280,724 from last year. Additional information on the District's capital assets can be found in Note 6 to the financial statements. Total depreciation expense for the year was \$1,273,933, while net additions amounted to \$1,554,657.

**Table 8
Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u> <u>2015</u>	<u>Governmental Activities</u> <u>2014</u>	<u>Business Type Activities</u> <u>2015</u>	<u>Business Type Activities</u> <u>2014</u>	<u>Total School District</u> <u>2015</u>	<u>School District</u> <u>2014</u>	<u>Total % Change</u> <u>2014-2015</u>
Water Rights	\$185,000	\$185,000	\$ -	\$ -	\$185,000	\$185,000	0.0%
Land	299,303	150,054	-	-	299,303	150,054	99.4%
Construction in Progress	-	1,456,915	-	-	-	1,456,915	-100.0%
Site Improvements Buildings and Improvements	360,230	437,052	-	-	360,230	437,052	-18.0%
Software	21,873,320	20,427,580	-	-	21,873,320	20,427,580	7.0%
Equipment	12,225	13,753	-	-	12,225	13,753	-11.0%
Vehicles	713,274	512,098	-	44,758	713,274	556,856	28.0%
	1,134,973	1,070,391	-	-	1,134,973	1,070,391	6.0%
Totals	<u>\$24,578,325</u>	<u>\$24,252,843</u>	<u>\$ -</u>	<u>\$44,758</u>	<u>\$24,578,325</u>	<u>\$24,297,601</u>	

Long-Term Debt

At year end, the District had a total of \$229,506 of outstanding long term debt. The District entered into one lease purchase agreement in the amount of \$149,288, to provide laptop computers to the class of 2018. The District reduced lease purchase debt in the amount of \$152,076, during the 2014-2015 year (See Table 9) below. Principal payment to be made in 2014-2015 is \$114,848.

**Table 9
Long Term Debt**

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due In One Year</u>
Capital Lease Obligations	\$232,294	\$149,288	\$152,076	\$229,506	\$114,848

Factors Bearing on the District's Future

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

- Actual enrollment for the 2014-2015 school year results in an increase of 60.1 FTE additional students compared to the 1799.5 FTE that was projected in the 2014-2015 Adopted Budget. This increase in the number of students will provide approximately \$440,000 in additional revenue. The per pupil funding is expected to increase from \$6,603 in Fiscal 2014 to \$7,006 in Fiscal 2015, providing approximately \$650,000 in new funding to address inflationary increases. The current projections indicate an average increase of approximately \$363 per student for the 2014-2015 school year.

**Weld County School District RE-1
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

- In 1992, the state legislature changed the fiscal year for public schools from a calendar year to a July 1 to June 30th fiscal year. The change in fiscal years caused a cash flow challenge for districts who receive a higher percent of funding from local property tax and a lower percent of funding from state equalization funds. Therefore, the legislature established an interest free loan program for school districts that experience cash flow problems prior to receiving local property tax in the spring. Since the inception of the interest free loan program, Weld RE-1 has participated in the program. Declining enrollment, increased expenses, and state funding cuts from Fiscal 2010 through Fiscal 2013, have reduced district cash reserves. The School District will need to continue participation in the loan program until cash reserves once again reach a level to meet cash flow needs.
- The State of Colorado experienced slowing economic conditions which had a direct impact on the state's general fund revenues. Because K-12 education is a large portion of the state's budget, the District has been negatively impacted and receives \$1.9 million less than the School Finance Act provides for due to the negative factor. As a contingency plan, the District has grown a reserve contingency fund and will continue to closely monitor the District's fiscal health. In addition, the District has cut staff, programs, and deferred capital projects and has gone to a four-day week academic calendar to reduce costs. In November of 2012, the District passed a mill levy override election and has been able to restore some of the prior year's reductions in programs and staff costs.
- According to the forecast from Legislative Council, there will be 9.8% (\$915.5 million) more to spend in Fiscal 2015-16 than in Fiscal 2014-15 due to the recovering economy. However, Senate Bill 09-228 requires transfers to the Capital Construction Fund and Highway Users Tax Fund, and the TABOR surplus will require refunds to taxpayers in future years, which will reduce the amount available for funding K-12 education.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Doug Moss, Chief Financial Officer, Weld County School District RE-1, 14827 W.C.R. 42, P.O. Box 157, Gilcrest, Colorado 80623-0157.

Basic Financial Statements

Weld County School District RE-1
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 7,137,756
Grants receivable	109,446
Inventory	29,108
Capital assets:	
Nondepreciable	484,303
Depreciable, net of accumulated depreciation	24,094,022
Total assets	31,854,635
Deferred outflows of resources	
Contributions subsequent to measurement date	1,018,020
Change in proportionate share	1,769,754
Change in investment earnings	824,873
Total deferred outflows of resources	3,612,647
Liabilities	
Accounts payable	226,128
Accrued salaries and benefits	920,533
Accrued interest payable	7,066
Other liabilities	570,201
Unearned revenue	25,239
Noncurrent liabilities:	
Due within one year	114,848
Due in more than one year	114,658
Net pension liability	35,869,131
Total liabilities	37,847,804
Deferred inflows of resources	
Change in experience	2,678
Total deferred inflows of resources	2,678
Net position	
Net investment in capital assets	24,348,819
Restricted for:	
Emergencies	547,000
Multi year obligations	270,000
Unrestricted	(27,549,019)
Total net position	\$ (2,383,200)

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

Weld County School District RE-1
Statement of Activities
Year Ended June 30, 2015

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 12,434,985	\$ 19,430	\$ 173,399	\$ -
Support services:				
Pupil and instructional	2,284,924	-	-	-
General administration	656,026	-	-	-
School administration	1,216,998	-	-	-
Business services	288,068	-	-	-
Maintenance and operations	2,376,758	-	-	-
Pupil transportation	980,626	715	677,740	558,742
Central supporting services	480,518	-	-	-
Community services and other	16,667	2,336	-	-
Food service operations	831,809	180,404	554,054	-
Interest expense	7,010	-	-	-
<hr/>				
Total governmental activities / primary government	\$ 21,574,389	\$ 202,885	\$ 1,405,193	\$ 558,742
<hr/>				
General revenues				
Property taxes levied for:				
General purposes				
Specific ownership taxes for:				
General purposes				
Intergovernmental				
Equalization entitlement				
Payment in lieu of land dedication				
Earnings on investments				
Oil and gas royalties				
Miscellaneous				
<hr/>				
Total general revenues				
<hr/>				
Change in net position				
Net position at beginning of year				
Prior period adjustments - Notes 2 and 3				
<hr/>				
Net position at end of year				

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (12,242,156)	\$ -	\$ (12,242,156)
(2,284,924)	-	(2,284,924)
(656,026)	-	(656,026)
(1,216,998)	-	(1,216,998)
(288,068)	-	(288,068)
(2,376,758)	-	(2,376,758)
256,571	-	256,571
(480,518)	-	(480,518)
(14,331)	-	(14,331)
(97,351)	-	(97,351)
(7,010)	-	(7,010)
(19,407,569)	-	(19,407,569)
11,836,084	-	11,836,084
830,198	-	830,198
3,982,261	-	3,982,261
23,068	-	23,068
756	-	756
35,477	-	35,477
248,955	-	248,955
16,956,799	-	16,956,799
(2,450,770)	-	(2,450,770)
30,132,523	331,800	30,464,323
(30,064,953)	(331,800)	(30,396,753)
\$ (2,383,200)	\$ -	\$ (2,383,200)

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

Weld County School District RE-1
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Capital Projects Fund (Nonmajor)	Food Service Fund (Nonmajor)	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,620,486	\$ 358,798	\$ 158,472	\$ 7,137,756
Grants receivable	52,562	-	56,884	109,446
Due from other funds	10,815	-	-	10,815
Inventory	-	-	29,108	29,108
Total assets	\$ 6,683,863	\$ 358,798	\$ 244,464	\$ 7,287,125
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 204,899	\$ 17,420	\$ 3,809	\$ 226,128
Accrued salaries and benefits	894,178	-	26,355	920,533
Due to other funds	-	10,000	815	10,815
Other liabilities	570,201	-	-	570,201
Unearned revenue	-	-	25,239	25,239
Total liabilities	1,669,278	27,420	56,218	1,752,916
Fund balances				
Nonspendable	-	-	29,108	29,108
Restricted	817,000	-	-	817,000
Assigned	-	331,378	159,138	490,516
Unassigned	4,197,585	-	-	4,197,585
Total fund balances	5,014,585	331,378	188,246	5,534,209
Total liabilities and fund balances	\$ 6,683,863	\$ 358,798	\$ 244,464	\$ 7,287,125

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

Weld County School District RE-1
Reconciliation of the Governmental Funds Balance Sheet
with the Government-wide Statement of Net Position

June 30, 2015

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

Fund balance - governmental funds		\$ 5,534,209
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported as assets in the fund financial statements.

Capital assets	\$ 44,574,058		
Less: accumulated depreciation	<u>(19,995,733)</u>		24,578,325

Deferred outflows of resources relating to pensions are not current financial resources and, therefore, are not reported in the governmental fund financial statements.

Contributions subsequent to measurement date	\$ 1,018,020		
Change in proportionate share	1,769,754		
Change in investment earnings	<u>824,873</u>		3,612,647

Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities in the fund financial statements. Long-term liabilities consist of:

Capital lease obligations	\$ (229,506)		
Accrued interest payable	(7,066)		
Net pension liability	<u>(35,869,131)</u>		(36,105,703)

Deferred inflows of resources relating to pensions are not payable from current financial resources and, therefore, are not reported in the governmental fund financial statements.

Change in experience		(2,678)
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Total net position - governmental activities		<u>\$ (2,383,200)</u>
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The accompanying notes are an integral part of these financial statements.

Weld County School District RE-1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	Capital Projects Fund (Nonmajor)	Food Service Fund (Nonmajor)	Total Governmental Funds
Revenues				
Local	\$ 12,977,854	\$ 23,515	\$ 180,742	\$ 13,182,111
State	4,404,100	558,742	15,065	4,977,907
Federal	424,612	-	538,989	963,601
Total revenues	17,806,566	582,257	734,796	19,123,619
Expenditures				
Current:				
Instruction	10,198,793	-	-	10,198,793
Supporting services:				
Pupil and instructional	2,035,728	-	-	2,035,728
General administration	599,386	-	-	599,386
School administration	1,093,570	-	-	1,093,570
Business services	261,394	-	-	261,394
Maintenance and operations	2,151,719	124,203	-	2,275,922
Pupil transportation	699,470	-	-	699,470
Central supporting services	474,011	-	-	474,011
Community services and other	15,962	-	-	15,962
Food service operations	-	-	781,781	781,781
Debt service:				
Principal	152,076	-	-	152,076
Interest	6,911	-	-	6,911
Capital outlay	674,926	827,920	51,811	1,554,657
Total expenditures	18,363,946	952,123	833,592	20,149,661
Deficiency of revenues over expenditures	(557,380)	(369,866)	(98,796)	(1,026,042)
Other financing sources (uses)				
Proceeds from capital leases	149,288	-	-	149,288
Transfer in	-	199,250	-	199,250
Transfer out	(199,250)	-	-	(199,250)
Total other financing sources (uses)	(49,962)	199,250	-	149,288
Change in fund balances	(607,342)	(170,616)	(98,796)	(876,754)
Fund balances at beginning of year	5,621,927	501,994	-	6,123,921
Prior period adjustment - Note 3	-	-	287,042	287,042
Fund balances at end of year	\$ 5,014,585	\$ 331,378	\$ 188,246	\$ 5,534,209

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

Weld County School District RE-1
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government-wide Statement of Activities
Year Ended June 30, 2015

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

Change in fund balance - governmental \$ (876,754)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities these costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeded depreciation during this period.

Depreciation expense	\$ (1,273,933)	
Capital outlay	1,554,657	280,724

Proceeds from capital leases are shown as an other financing source in the fund financial statements, but are added to the liabilities on the government-wide statement of net position and does not affect the statement of activities. (149,288)

Repayment of capital lease obligations are expenditures in the fund financial statements, but are reductions in long-term liabilities in the statement of net position and do not affect the statement of activities. 152,076

Decrease in accrued compensated absences liability reflected against expense on the statement of activities and not reflected on the governmental statement of revenues, expenditures and changes in fund balances. 4,980

Increase in accrued interest payable is reflected as interest expense on the statement of activities and not reflected on the governmental fund statement of revenues, expenditures and changes in fund balances. (99)

Some items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund financial statements.

Change in contributions subsequent to measurement date	\$ 83,799	
Pension expense - first year amortization	(655,464)	
Employer pension contribution expense	(1,290,744)	(1,862,409)
Change in net position of governmental activities		\$ (2,450,770)

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

Weld County School District RE-1
Statement of Fiduciary Net Position
June 30, 2015

Assets	Agency Fund
Cash and cash equivalents	\$ 295,964
Certificates of deposit	90,824
Total assets	386,788
Liabilities	
Due to student groups	\$ 386,788

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

Weld County School District RE-1
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies

Form of Organization

The Weld County School District RE-1 (the "District") was founded in 1881 and consolidated between 1959 and 1962. The District's major operations include instruction, supporting services, debt service and capital outlay.

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

Reporting Entity

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

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

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

The financial statements of the District do not include any separately administered organizations as there were none as defined in the aforementioned paragraph.

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly

Weld County School District RE-1
Notes to Financial Statements
June 30, 2015

benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Governmental funds are used to account for all or most of a government's general activities. The following is the District's major governmental fund:

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

Additionally, the District reports the following nonmajor governmental funds:

Capital Projects Fund - The capital projects fund was established to account for financial resources used to acquire or construct major capital improvements not financed by proprietary funds.

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

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Weld County School District RE-1
Notes to Financial Statements
June 30, 2015

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

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, ("GASB No. 33") the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30 or in two equal installments due on the last day of February and June 15.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no private-purpose trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has one agency fund, the Student Activity Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgets

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- During May, the District superintendent submits to the District Board of Education a proposed operating budget for the fiscal year beginning the following July 1. The operating budget includes proposed expenditures and the means of financing them. The public is notified by a legal notice that the budget is available for review.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to June 30, the budget is legally adopted by formal resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Education through passage of a formal resolution.
- The District legally adopts budgets for all of the funds. Budgets for the general, capital projects and fiduciary funds are adopted on a basis consistent with GAAP. Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the District Board of Education. All appropriations lapse at year end.

Weld County School District RE-1
Notes to Financial Statements
June 30, 2015

The following table summarizes the individual fund budgeted expenditures, as originally adopted, and as revised:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General	\$23,419,551	\$ 656,303	\$24,075,854
Capital projects	1,190,800	217,689	1,408,489
Food service	836,136	96,392	932,528
Fiduciary fund:			
Student activity	950,000	30,541	980,541
Total funds	\$26,396,487	\$ 1,000,925	\$27,397,412

The Student Activity Fund is an agency fund. GAAP does not require budgetary accounting for agency funds. However, Colorado Local Government Accounting and Reporting Laws require that a budget be adopted and reported for these funds. The following represents the financial activities for the Student Activity Fund as compared to the budget:

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
Beginning funds available	\$ 350,000	\$ 380,541	\$ 380,540	\$ (1)
Additions (receipts)	600,000	600,000	789,020	189,020
Total funds available	950,000	980,541	1,169,560	189,019
Deductions (disbursements)	(950,000)	(980,541)	(782,772)	197,769
Ending funds available	\$ -	\$ -	\$ 386,788	\$ 386,788

Cash and Cash Equivalents

The District considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest, which approximates fair value.

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

Weld County School District RE-1
Notes to Financial Statements
June 30, 2015

In the fund financial statements, property taxes are recognized in the year for which levied, provided they become available and measurable.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as internal balances on the government-wide statement of net position and classified as due from other funds or due to other funds on the balance sheet.

Inventories

Enterprise fund inventories consist of purchased and donated food, and non-food supplies. Purchased inventories are stated at lower of cost or market as determined using the first-in, first-out method. Food donated by the federal government at no cost to the District is stated at fair value in accordance with a USDA furnished price list.

Capital Assets

Capital assets, which include property, plant, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities. Estimated useful lives for asset types are as follows:

Description	Estimated Lives
Site improvements	20 years
Buildings and improvements	15-50 years
Software	10 years
Equipment	5-15 years
Vehicles	8 years

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

Weld County School District RE-1
Notes to Financial Statements
June 30, 2015

Impairment of Capital Assets

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The District is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Management of the District has determined that there are no indications of impairment of capital assets as of June 30, 2015.

Unearned Revenues

The District includes grant funds that have been collected, where the corresponding expenditures have not been incurred, in unearned revenues in the financial statements.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. District policy permits employees to accumulate up to sixty sick days. Each June, employees are reimbursed at one-half the current substitute pay for unused sick days which exceed sixty days.

Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements.

On the governmental fund financial statements, where applicable, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. At June 30, 2015, there is no accrual in the financial statements.

Accrued Liabilities and Long-Term Obligations

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

Weld County School District RE-1
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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 represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Net Position and Fund Balance

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

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

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

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

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, ***Fund Balance Reporting and Governmental Fund Type Definitions***, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

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

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As of June 30, 2015, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Food Service	Total Governmental Funds
Nonspendable:				
Inventory	\$ -	\$ -	\$ 29,108	\$ 29,108
Restricted:				
Emergencies	547,000	-	-	547,000
Multi year obligations	270,000	-	-	270,000
Assigned:				
Capital projects	-	331,378	-	331,378
Food service	-	-	159,138	159,138
Unassigned:	4,197,585	-	-	4,197,585
Total fund balances	\$ 5,014,585	\$ 331,378	\$ 188,246	\$ 5,534,209

Contribution of Capital

Contributed capital in the proprietary fund financial statements arises from outside contributions of capital assets, or from grants or outside contributions of resources to fund capital acquisition and construction. The District did not receive any capital contributions during the year ended June 30, 2015.

Interfund Transactions

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

Pensions

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

Estimates

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

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June 30, 2015

Financial Policies and Procedures

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

2. New Accounting Pronouncement

During fiscal year 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The result of the implementation of this standard was to decrease the net position at the beginning of the fiscal year by \$30,396,753 in the governmental activities.

3. Change in Fund Categorization

In prior years, the District presented the food service operations as an enterprise fund. Based on guidance received from the Colorado Department of Education, management has determined that these operations should be presented as a special revenue fund for the year ended June 30, 2015. Beginning fund balance for the Food Service Fund was increased by \$287,042 and in the governmental activities by \$331,800, with a corresponding decrease in net position of business-type activities.

4. Cash and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At June 30, 2015, the District had deposits with financial institutions with a carrying amount of \$7,324,322. The bank balances with the financial institutions were \$7,365,107, of which \$528,155 was covered by federal depository insurance. The remaining balance of \$6,836,952 was collateralized with securities held by the financial institutions' agents but not in the District's name.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks

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Notes to Financial Statements
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- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of June 30, 2015, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust (the "Trust"), discussed below.

Interest Rate Risk

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 value losses arising from increasing interest rates.

Local Government Investment Pools

At June 30, 2015, the District had invested \$109,023 in the Trust, a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities, and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to www.colotrust.com.

At June 30, 2015, the District had cash and cash equivalent balances as follows:

Cash on hand	\$ 375
Bank deposits	7,324,322
Local government investment pools	109,023
<hr/>	
Total cash deposits	\$ 7,433,720

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Notes to Financial Statements
June 30, 2015

The above amounts are classified in the statements of net position and fiduciary net position as follows:

Statement of net position

Cash and cash equivalents	\$ 7,137,756
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Statement of fiduciary net position

Cash and cash equivalents	295,964
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Total cash and cash equivalents	\$ 7,433,720
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At June 30, 2015, the District held \$90,824 in certificates of deposit. The total balance is reflected in the Student Activity Fund statement of fiduciary net position in certificates of deposit.

5. Interfund Receivables/Payables and Transfers

The District's interfund receivables and payables at June 30, 2015 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Receivable Fund	Payable fund	Amount
General Fund	Capital Projects Fund	\$ 10,000
General Fund	Food Service Fund	815
Total		\$ 10,815

Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The only transfer made during the year was from the General Fund to the Capital Projects Fund in the amount of \$199,250 to support the District's construction project during 2015.

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6. Capital Assets

A summary of changes in governmental-activities capital assets for the year ended June 30, 2015, is as follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Water rights	\$ 185,000	\$ -	\$ -	\$ 185,000
Land	150,054	149,249	-	299,303
Construction in progress	1,456,915	-	(1,456,915)	-
Total capital assets, not being depreciated	1,791,969	149,249	(1,456,915)	484,303
Capital assets, being depreciated				
Site improvements	1,977,234	-	-	1,977,234
Buildings and improvements	35,248,537	2,225,239	-	37,473,776
Software	15,281	-	-	15,281
Equipment	1,981,502	268,865	(142,818)	2,107,549
Vehicles	2,410,593	368,219	(262,897)	2,515,915
Total capital assets, being depreciated	41,633,147	2,862,323	(405,715)	44,089,755
Less accumulated depreciation for:				
Site improvements	(1,540,182)	(76,822)	-	(1,617,004)
Software	(1,528)	(1,528)	-	(3,056)
Buildings and improvements	(14,820,957)	(779,499)	-	(15,600,456)
Equipment	(1,330,872)	(206,221)	142,818	(1,394,275)
Vehicles	(1,433,976)	(209,863)	262,897	(1,380,942)
Total accumulated depreciation	(19,127,515)	(1,273,933)	405,715	(19,995,733)
Total capital assets, being depreciated, net	22,505,632	1,588,390	-	24,094,022
Governmental activities capital assets, net	\$24,297,601	\$ 1,737,639	\$(1,456,915)	\$24,578,325

Depreciation is allocated to the following functions for governmental activities on the statement of activities:

Governmental Activities:	
Instruction	\$ 1,059,504
Pupil transportation	209,863
Food service operations	4,566
Total depreciation expense, governmental activities	\$ 1,273,933

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Notes to Financial Statements
June 30, 2015

7. Accrued Salary and Benefits

Salaries and benefits of teachers and certain other classified personnel under contract to the District are paid over a twelve-month period from August 1 to July 31, but the salaries are earned over the school period of approximately nine months. The salaries earned and the related benefits have been accrued as of June 30, 2015, amounting to \$920,533 in the governmental activities.

8. Long-Term Debt

Capital lease obligations

On July 15, 2012, the District entered into a lease purchase agreement with a third party to acquire computer equipment. The lease term is three years and calls for annual payments of \$41,410, principal and interest, at 3.14% through July 15, 2015. The lease is collateralized by the computers.

On July 15, 2013, the District entered into a lease purchase agreement with a third party to acquire computer equipment. The lease term is three years and calls for annual payments of \$41,146, principal and interest, at 3.05% through July 15, 2016. The lease is collateralized by the computers.

On July 20, 2014, the District entered into a lease purchase agreement with a third party to acquire computer equipment. The lease term is three years and calls for annual payments of \$38,948, principal and interest, at 2.92% through July 20, 2017. The lease is collateralized by the computers.

Following is a summary of the governmental activities debt transactions for the year ended June 30, 2015:

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due in One Year
<i>Capital lease obligations dated</i>					
July 20, 2011	\$ 36,271	\$ -	\$ 36,271	\$ -	\$ -
July 15, 2012	79,076	-	38,927	40,149	40,149
July 15, 2013	116,947	-	37,930	79,017	38,973
July 20, 2014	-	149,288	38,948	110,340	35,726
Accrued compensated absences	4,980	-	4,980	-	-
Totals	\$ 237,274	\$ 149,288	\$ 157,056	\$ 229,506	\$ 114,848

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The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Amount
2016	\$ 121,505
2017	80,094
2018	38,948
Total lease payments	240,547
Less: amount representing interest	(11,041)
Present value of future lease payments	\$ 229,506

The book value of assets acquired through capital lease at June 30, 2015, is as follows:

Equipment	\$ 465,609
Less: accumulated depreciation	(211,766)
Total	\$ 253,843

9. Short-Term Debt

It was necessary for the District to participate in the State of Colorado Interest-Free Loan Program by borrowing \$4,389,326 throughout the fiscal year, in order to meet operating expenditures since property tax receipt of significant amounts are not received until March, April, May, and June. The loan was repaid in full by the maturity date of June 25, 2015.

10. Public Employees Retirement Association of Colorado

Plan Description

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

Benefits Provided

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

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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.

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

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Contributions

Eligible employees and the District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2015
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF¹	16.43%	17.33%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,952,240 for the year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of \$35,869,131 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, the District's proportion was 0.26 percent, which was an increase of .02 percent from its proportion measured as of December 31, 2013.

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For the year ended June 30, 2015, the District recognized pension expense of \$1,862,409. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,678
Net difference between projected and actual earnings on pension plan investments	824,873	-
Changes in proportionate share	1,769,754	-
District contributions subsequent to the measurement date	1,018,020	-
	\$ 3,612,647	\$ 2,678

\$1,018,020 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 860,691
2017	860,691
2018	664,349
2019	206,218
	\$ 2,591,949

Actuarial assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

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

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Developed	22.06%	5.29%
Non U.S. Equity - Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and 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. Based on those assumptions, the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments 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. There was no change in the discount rate from the prior measurement date.

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Notes to Financial Statements
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Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 47,296,725	\$ 35,869,130	\$ 26,304,040

11. Postemployment Healthcare Benefits

Plan Description - The District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550.

Funding Policy - The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District contributions to the HCTF for the years ending June 30, 2013, 2014, and 2015 were \$101,297, \$108,268, and \$117,916 respectively, equal to their required contributions for each year.

12. Voluntary Investment Program

Description - Employees of the District who are members of the SCHDTF (see Note 10) may voluntarily contribute to the Voluntary Investment Program ("401(k) Plan"), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available Annual Report for Colorado PERA's 401(k) and DC Plans. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550.

Funding Policy - The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the Internal Revenue Service (\$18,000 for calendar year 2015, and \$17,500 for calendar years 2014 and 2013). In addition, catch-up contributions, up to \$6,000 for calendar year 2015 and \$5,500 for calendar years 2014 and 2013, were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of Internal Revenue Code §414(v). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ended June 30, 2013, 2014, and 2015, the 401(k) Plan member contributions from the District were \$75,398, \$35,697 and \$40,370 respectively.

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Notes to Financial Statements
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13. Jointly Governed Organization

Centennial Board of Cooperative Educational Services

The District, in conjunction with other surrounding school districts, created the Centennial Board of Cooperative Education Services ("BOCES"). The BOCES is an organization that provides member districts educational and computer services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district.

During the year ended June 30, 2015, the District received federal and state funds through the BOCES in the amount of \$341,176 and paid the BOCES \$56,979 for services. The BOCES is not included as a component unit of the general purpose financial statements of the District as the District has no financial accountability for the BOCES. The BOCES financial statements can be obtained at their administrative office located at 2020 Clubhouse Drive, Greeley, Colorado 80634.

14. Risk Management

The District belongs to the Colorado School Districts Self-insurance Pool (the "Pool") that was formed in 1981, to give individual districts more buying power and financial stability. By partnering with school districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by the Pool is property, crime, general liability, auto liability and physical damage, and errors and omissions. The Board of Directors is composed of seven persons who are district school board members, superintendents, or district business officials. The Pool became self-administered in May 1997, and currently has eleven employees. Each member's premium contribution is determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income, reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuary study, is conducted annually. These reports may be obtained by contacting the Pool's administrative offices at 6857 South Spruce Street, Centennial, Colorado 80112.

15. Commitments and Contingencies

Grant Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Weld County School District RE-1
Notes to Financial Statements
June 30, 2015

Self Insurance Pool

As discussed in Note 14, the District is a member of the Colorado School Districts' Self-insurance Pool. The Pool has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The ultimate liability to the District resulting from claims not covered by the Pool is not presently determinable.

Litigation

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

16. Taxes, Spending and Debt Limitations

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balance). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. An emergency, as defined by the Amendment, excludes economic conditions, revenue shortfalls, or salary of fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$547,000 for this purpose.

On November 5, 1996, the voting citizens of the District authorized the District to retain, appropriate, and utilize, by expenditure, retention for reserves, or carryover fund balance the full proceeds and revenues received from every source, without limitation, in 1997, and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. This effectively removed all revenue and spending limits imposed by TABOR.

17. Subsequent Events

Management of the District has evaluated subsequent events through December 22, 2015, the date that the financial statements were available to be issued. There were no transactions or events that would require adjustment to or disclosure in the financial statements identified.

Required Supplementary Information

Weld County School District RE-1
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local	\$ 12,085,199	\$ 13,336,096	\$ 12,977,854	\$ (358,242)
State	4,942,657	4,419,693	4,404,100	(15,593)
Federal	533,437	539,880	424,612	(115,268)
Appropriated reserves	5,700,000	5,621,927	-	(5,621,927)
Total revenues	23,261,293	23,917,596	17,806,566	(6,111,030)
Expenditures				
Current:				
Instruction	11,273,142	11,479,189	10,198,793	1,280,396
Supporting services:				
Pupil and instructional	2,479,766	2,488,364	2,035,728	452,636
General administration	654,476	654,476	599,386	55,090
School administration	1,060,842	1,060,842	1,093,570	(32,728)
Business services	246,193	245,697	261,394	(15,697)
Maintenance and operations	1,777,328	2,010,953	2,151,719	(140,766)
Pupil transportation	864,710	972,434	699,470	272,964
Central supporting services	605,385	620,174	474,011	146,163
Community services and other	38,421	38,421	15,962	22,459
Debt service:				
Principal	152,078	152,078	152,076	2
Interest	6,911	6,911	6,911	-
Capital outlay	470,350	470,350	674,926	(204,576)
Reserves and contingencies	3,789,949	3,676,715	-	3,676,715
Total expenditures	23,419,551	23,876,604	18,363,946	5,512,658
Excess (deficiency) of revenues over expenditures	(158,258)	40,992	(557,380)	(598,372)
Other financing sources (uses)				
Proceeds from capital leases	158,258	158,258	149,288	(8,970)
Transfers out	-	(199,250)	(199,250)	-
Total other financing sources (uses)	158,258	(40,992)	(49,962)	(8,970)
Change in fund balance	\$ -	\$ -	\$ (607,342)	\$ (607,342)
Fund balance at beginning of year			5,621,927	
Fund balance at end of year			\$ 5,014,585	

See accompanying Independent Auditor's Report.

Weld County School District RE-1
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Years

	2015	2014
District's proportion of the net pension liability	0.26465%	0.24564%
District's proportionate share of the net pension liability	\$ 35,869,131	\$ 30,396,753
District's covered-employee payroll	\$ 11,083,333	\$ 9,900,917
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	323.63%	307.01%
Plan fiduciary net position as a percentage of the total pension	62.84%	64.07%

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

Information for the prior eight years was not available to report.

See accompanying Independent Auditor's Report

Weld County School District RE-1
Schedule of District Contributions
Last Ten Years

	2015	2014	2013
Contractually Required Contribution	\$ 1,952,240	\$ 1,697,250	\$ 1,495,052
Contributions in Relation to the Contractually Required Contribution	1,952,240	1,697,250	1,495,052
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 11,560,387	\$ 10,616,063	\$ 9,931,052
Contributions as a Percentage of Covered Employee Payroll	16.89%	15.99%	15.05%

2012	2011	2010	2009	2008	2007	2006
\$ 1,378,360	\$ 1,369,232	\$ 1,407,591	\$ 1,343,775	\$ 1,083,262	\$ 1,233,718	\$ 924,782
1,378,360	1,369,232	1,407,591	1,343,775	1,083,262	1,233,718	924,782
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,720,207	\$ 10,312,761	\$ 11,371,713	\$ 11,706,835	\$ 11,662,462	\$ 11,709,274	\$ 10,513,033
14.18%	13.28%	12.38%	11.48%	9.29%	10.54%	8.80%

See accompanying Independent Auditor's Report

Other Supplementary Information

Weld County School District RE-1
Budgetary Comparison Schedule
Capital Projects Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Cash in lieu of land dedication	\$ -	\$ -	\$ 23,068	\$ 23,068
Grants and contributions	100,000	691,744	558,742	(133,002)
Other revenue	10,000	15,000	-	(15,000)
Earnings on investments	500	500	447	(53)
Reserves and contingencies	1,080,300	501,995	-	(501,995)
Total revenues	1,190,800	1,209,239	582,257	(626,982)
Expenditures				
Other	40,000	40,000	124,203	(84,203)
Capital outlay	1,070,000	1,300,039	827,920	472,119
Reserves	80,800	68,450	-	68,450
Total expenditures	1,190,800	1,408,489	952,123	456,366
Excess (deficiency) of revenues over expenditures	-	(199,250)	(369,866)	(170,616)
Other financing sources				
Transfer in	-	199,250	199,250	-
Change in fund balance	\$ -	\$ -	(170,616)	\$ (170,616)
Fund balance at beginning of year			501,994	
Fund balance at end of year			\$ 331,378	

See accompanying Independent Auditor's Report.

Weld County School District RE-1
Budgetary Comparison Schedule
Food Service Fund
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Food sales	\$ 174,920	\$ 174,920	\$ 180,404	\$ 5,484
USDA reimbursements	416,000	416,000	500,254	84,254
Donated commodities	-	-	38,735	38,735
State reimbursement	6,160	6,160	15,065	8,905
Other revenues	3,650	3,650	338	(3,312)
Reserves and contingencies	235,406	331,798	-	(331,798)
Total revenues	836,136	932,528	734,796	(197,732)
Expenditures				
Salaries and benefits	395,628	395,628	383,046	12,582
Supplies and materials	289,200	379,200	394,381	(15,181)
Other	2,000	2,000	4,354	(2,354)
Capital outlay	-	-	51,811	(51,811)
Reserve contingency	149,308	155,700	-	155,700
Total expenditures	836,136	932,528	833,592	98,936
Change in fund balance	\$ -	\$ -	(98,796)	\$ (98,796)
Fund balance at beginning of year			-	
Prior period adjustment - Note 3			287,042	
Fund balance at end of year			\$ 188,246	

See accompanying Independent Auditor's Report.



Colorado Department of Education
Auditors Integrity Report
 District: 3080 - WELD COUNTY RE-1
 Fiscal Year 2014-15
 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	5,621,927	17,756,602	18,363,944	5,014,585
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	5,621,927	17,756,602	18,363,944	5,014,585
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Food Service Spec Revenue Fund	287,041	734,797	833,592	188,246
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	501,995	781,509	952,125	331,378
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
Totals	6,410,962	19,272,908	20,149,661	5,534,209
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	380,540	789,020	782,772	386,788
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	380,540	789,020	782,772	386,788

FINAL

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.



Colorado Department of Education

Bolded Balance Sheet Report

District: 3080 - WELD COUNTY RE-1

Fiscal Year 2014-15

Colorado School District/BOCES

Governmental

Proprietary

Fiduciary

ASSETS	Governmental			Proprietary					Fiduciary		Totals		
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60		Trust & Agency Funds 70-79	Foundations Fund 85
Cash and Investments (8100-8104,8111)	6,620,486	0	0	158,472	0	0	358,798	0	0	0	295,964	0	7,433,719
Cash with Fiscal Agent (8105)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	90,824	0	90,824
Taxes Receivable (8121,8122)	0	0	0	0	0	0	0	0	0	0	0	0	0
Interfund Loans Receivable (8131,8132)	10,815	0	0	0	0	0	0	0	0	0	0	0	10,815
Grants Accounts Receivable (8142)	52,561	0	0	56,885	0	0	0	0	0	0	0	0	109,446
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories (8171,8172,8173)	0	0	0	29,108	0	0	0	0	0	0	0	0	29,108
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	6,683,862	0	0	244,464	0	0	358,798	0	0	0	386,788	0	7,673,912

	Governmental						Proprietary				Fiduciary		
LIABILITIES & FUND EQUITY													
LIABILITIES	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	0	0	0	815	0	0	10,000	0	0	0	0	0	10,815
Intergovernmental Payables (7411)	553,006	0	0	0	0	0	0	0	0	0	0	0	553,006
Other Payables (7421-7423)	204,899	0	0	3,809	0	0	17,420	0	0	0	0	0	226,128
Accrued Expenses (7461)	894,177	0	0	26,356	0	0	0	0	0	0	0	0	920,533
Payroll Ded. and Withholdings (7471-7473)	17,195	0	0	0	0	0	0	0	0	0	0	0	17,195
Grants Deferred Revenue (7482)	0	0	0	25,238	0	0	0	0	0	0	0	0	25,238
Total Liabilities	1,669,277	0	0	56,218	0	0	27,420	0	0	0	0	0	1,752,915

Governmental

Proprietary

Fiduciary

FUND EQUITY	Governmental				Proprietary					Fiduciary		Totals	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79		Foundations Fund 85
Non-spendable Fund Balance 6710	0	0	0	29,108	0	0	0	0	0	0	0	0	29,108
Restricted Fund Balance 6720	0	0	0	0	0	0	0	0	0	0	0	0	0
TABOR 3% Emergency Reserve 6721	547,000	0	0	0	0	0	0	0	0	0	0	0	547,000
TABOR Multi-Year 6722	270,000	0	0	0	0	0	0	0	0	0	0	0	270,000
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance 6760	0	0	0	159,138	0	0	331,378	0	0	0	386,788	0	877,304
Unassigned Fund Balance 6770	4,197,585	0	0	0	0	0	0	0	0	0	0	0	4,197,585
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Adjustment 6880	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	5,014,585	0	0	188,246	0	0	331,378	0	0	0	386,788	0	5,920,997

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Food Service Special Revenue Fund 21	Special Revenue Funds 20, 22-29	Debt Service Funds 30-39	Capital Projects Funds 40-49	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	6,683,862	0	0	244,464	0	0	358,798	0	0	0	386,788	0	7,673,912

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

Reports to Governmental Agencies



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

Board of Education
Weld County School District RE-1
Gilcrest, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Weld County School District RE-1 (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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



District's Response to Findings

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

Purpose of this Report

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

Anton Collins Mitchell LLP

Greeley, Colorado
December 22, 2015



Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Board of Education
Weld County School District RE-1
Gilcrest, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Weld County School District RE-1's (the "District") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, 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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in



accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anton Collins Mitchell LLP

Greeley, Colorado
December 22, 2015

Weld County School District RE-1
Schedule of Findings and Questioned Costs
June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program (SBP) - Child Nutrition Cluster
10.555	National School Lunch Program for Children (NSLP) - Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

Weld County School District RE-1
Schedule of Findings and Questioned Costs
June 30, 2015

Section II - Financial Statement Findings

2015-001: *Material Proposed Adjusting Journal Entries*
Material Weakness in Internal Control over Financial Reporting

Condition: During the course of our fieldwork we proposed a material adjustment to the District's accounting records that was not detected by management due to the transition of accounting personnel during the year end close.

Criteria: Accounting tasks such as monthly reconciliations play a key role in the accuracy of accounting data and information included in the financial statements.

Effect: Material journal entry was proposed to the District's accounting records.

Cause: Lack of reconciliation of accounts relating to the pupil activity fund cash and investment balances, contributed to this adjustment.

Recommendation: We recommend that the District establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. This would involve monthly reconciliations of all accounts, making adjustments throughout the year that have typically been made at year-end and performing more frequent reviews of the general ledger throughout the year, including making all necessary adjustments.

Management's Response and Corrective Action Plan: Management will provide a more frequent review of accounts to ensure the accuracy of the financial statements. Such review will include timely reconciliation and oversight of ledger accounts. In addition, finance management and staff will seek guidance when necessary to ensure proper recording of accounts.

Section III - Federal Award Findings and Questioned Costs

No findings were identified for federal awards.

Weld County School District RE-1
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2014-2015 Expenditures
U.S. Department of Agriculture			
Passed through Colorado Department of Education:			
Child and Adult Care Food Program	10.558	4558	\$ 4,699
<i><u>Child Nutrition Cluster:</u></i>			
School Breakfast Program	10.553	4553	102,074
National School Lunch Program	10.555	4555	393,481
Passed through Colorado Department of Human Services			
Donated food	10.555	4555	38,735
Child Nutrition Cluster subtotal			538,989
Total U.S. Department of Agriculture			538,989
U.S. Department of Education			
Passed through Colorado Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	4048	24,115
School Improvement Grant	84.010	5010	28,623
Race to the Top - Early Learning Challenge	84.412	5412	697
Total U.S. Department of Education			53,435
Total Expenditures of Federal Awards			\$ 592,424

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

Weld County School District RE-1
Notes to Schedule of Expenditures of Federal Awards
June 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in the financial statements.

2. Summary of Significant Accounting Policies

The schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. Encumbrances are used during the year for budgetary control purposes and lapse at fiscal year end.

3. Food Distribution

Commodities donated to the District by the U.S. Department of Agriculture ("USDA") are valued based on the USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenditures when the commodities are used. During the year ended June 30, 2015, the District used food commodities totaling \$38,735.

Statistical Section

Weld County School District RE-1
Schedule of Expenditures by Function and Revenues by Source
Ten Fiscal Years Ended June 30,

	2015 *	2014	2013	2012
General government expenditures by function				
Instruction	\$ 10,198,793	\$ 9,550,335	\$ 9,179,601	\$ 8,414,847
Supporting services:				
Pupil and instructional	2,035,728	1,925,705	1,592,348	1,557,628
General administration	599,386	588,225	601,192	404,920
School administration	1,093,570	988,510	833,349	855,690
Maintenance and operations	2,275,922	1,670,700	1,661,077	1,777,490
Pupil transportation	699,470	633,935	657,656	649,367
Business services	261,394	246,819	207,369	188,985
Central supporting services	474,011	503,963	436,940	468,162
Community services and other	15,962	10,512	14,316	38,519
Food service operations	781,781	-	-	-
Debt service:				
Principal	152,076	152,559	152,313	166,715
Interest	6,911	7,363	7,512	8,261
Capital projects:				
Water rights	-	-	-	-
Land and improvements	149,249	-	10,000	-
Buildings	768,324	1,670,682	389,121	-
Equipment and vehicles	637,084	405,613	208,834	151,568
Total expenditures	\$ 20,149,661	\$ 18,354,921	\$ 15,951,628	\$ 14,682,152
General government revenues by source				
General property taxes	\$ 11,834,202	\$ 10,694,043	\$ 10,726,243	\$ 7,862,912
Specific ownership taxes	830,198	866,865	649,592	518,976
Interest on delinquent taxes	1,882	2,537	2,008	1,719
Earnings on investments	756	804	2,772	2,873
Other local sources	1,777,157	1,229,105	180,908	361,553
Federal grants	424,612	601,687	578,434	595,868
State sources	4,404,100	4,962,192	4,939,233	6,217,606
Total revenues	\$ 19,272,907	\$ 18,357,233	\$ 17,079,190	\$ 15,561,507

* Food services were reported as an enterprise fund until the fiscal year ended June 30, 2015.

2011	2010	2009	2008	2007	2006
\$ 9,125,799	\$ 10,051,949	\$ 10,147,395	\$ 9,462,642	\$ 10,605,538	\$ 9,922,676
1,706,668	2,102,266	2,136,404	2,438,395	805,988	724,440
438,296	410,135	383,056	983,273	751,647	616,307
802,600	863,707	829,105	1,142,725	1,190,977	1,111,980
1,690,193	155,113	142,206	1,880,517	1,974,922	1,776,265
670,936	1,724,666	1,735,961	664,511	637,365	604,723
176,656	670,908	655,700	114,427	318,168	309,944
431,420	405,894	516,959	23,081	17,987	17,530
50,121	31,210	26,016	19,001	25,708	13,701
-	-	-	-	-	-
200,944	161,069	130,017	-	32,847	31,357
10,006	9,997	-	-	1,560	3,050
-	-	160,000	-	-	-
-	-	-	-	82,200	88,832
-	-	-	-	116,810	874,413
217,683	257,799	587,471	195,048	521,306	204,301
\$ 15,521,322	\$ 16,844,713	\$ 17,450,290	\$ 16,923,620	\$ 17,083,023	\$ 16,299,519
\$ 6,257,717	\$ 8,494,941	\$ 6,125,954	\$ 6,357,971	\$ 6,503,749	\$ 6,507,492
430,421	511,550	541,465	620,203	661,348	698,858
1,295	3,512	967	2,227	2,466	2,746
3,970	1,078	9,051	105,973	199,081	168,374
394,163	257,004	245,817	561,063	907,641	1,000,787
1,182,114	897,340	504,761	445,951	201,030	114,524
8,293,861	6,722,538	8,554,899	7,801,854	7,381,621	7,101,587
\$ 16,563,541	\$ 16,887,963	\$ 15,982,914	\$ 15,895,242	\$ 15,856,936	\$ 15,594,368

See accompanying Independent Auditor's Report.

Weld County School District RE-1
Schedule of Statistical Data
Ten Fiscal Years Ended June 30,

	2015	2014	2013	2012
Estimated value of taxable property	\$ 2,670,289,691	\$ 2,295,051,264	\$ 2,222,955,571	\$ 1,832,950,253
Assessed valuation	\$ 1,371,573,470	\$ 1,096,631,446	\$ 1,101,343,912	\$ 905,404,150
Mill levy by fund				
General fund	9.069	9.760	9.745	8.683
Total district mill levy	9.069	9.760	9.745	9.393
Mill levy including overlapping governments - by population center				
LaSalle	67.080	65.281	65.281	70.056
Gilcrest	73.904	74.414	72.527	72.316
Platteville	60.703	56.063	57.951	55.044
General property tax revenue net				
General fund	11,836,084	\$ 11,909,325	\$ 10,765,243	\$ 7,862,912
Total general property tax revenue - net	\$ 11,836,084	\$ 11,909,325	\$ 10,765,243	\$ 6,257,717
State equalization entitlement	\$ 3,982,261	\$ 4,677,482	\$ 4,553,829	\$ 5,713,892
Legal debt margin - end of year	\$ 274,314,694	\$ 219,326,289	\$ 181,080,830	\$ 132,281,910

2011	2010	2009	2008	2007	2006
\$ 1,031,556,600	\$ 1,900,256,062	\$ 1,491,837,121	\$ 1,498,417,524	\$ 1,488,409,162	\$ 1,333,204,967
\$ 661,409,550	\$ 1,031,556,600	\$ 655,842,950	\$ 691,912,940	\$ 714,474,630	\$ 591,585,930
9.393	8.212	9.367	9.198	9.108	10.971
8.212	9.367	9.198	9.108	10.971	13.091
68.284	63.007	61.253	59.889	58.710	61.672
69.221	64.500	65.765	65.034	65.524	67.630
56.119	54.973	55.697	56.767	55.434	62.420
\$ 6,257,717	\$ 8,494,941	\$ 6,125,954	\$ 6,357,971	\$ 6,503,749	\$ 6,507,492
\$ 8,494,941	\$ 6,125,954	\$ 6,357,971	\$ 6,503,749	\$ 6,507,492	\$ 6,826,337
\$ 7,715,385	\$ 5,713,892	\$ 8,158,569	\$ 7,451,837	\$ 6,916,724	\$ 6,629,358
\$ 206,311,320	\$ 131,168,590	\$ 138,382,588	\$ 142,894,926	\$ 118,317,186	\$ 99,832,744

See accompanying Independent Auditor's Report.