



## Weld County School District RE-1

Financial Statements and Supplementary  
Information  
For the Year Ended June 30, 2017

# 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

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, 2017, 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. 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 the Weld County School District RE-1 as of June 30, 2017, 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.



## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15, 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 and 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 and Auditor's Integrity Report on pages 50 through 53 and statistical section on pages 54 through 57 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and Auditor's Integrity Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison schedules and Auditor's Integrity Report 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 and Auditor's Integrity Report are fairly stated, in all material respects, in relation to the basic 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.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
January 17, 2018

**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

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, 2017. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the District's financial statements, which immediately follow this section.

**Financial Highlights**

- Governmental activities total assets totaled \$103,168,838 in cash, investments and other current assets. Liabilities for governmental activities totaled \$149,792,447.
- General revenues account for approximately \$25.8 million or 96 percent, of all revenues as compared to \$19.3 million, or 94 percent, of all revenue during fiscal year 2016. Program specific revenues in the form of charges for services, and operating grants, capital grants and contributions accounted for \$1.2 million, or 4 percent, of total revenues versus \$1.3 million, or 6 percent of total revenue during fiscal year 2016.
- The net position of governmental activities decreased to \$(15,860,071) in 2017 compared to \$(6,225,822) in 2016.
- The District had \$36.6 million in expenses related to governmental activities compared to \$24.5 million during fiscal year 2016; \$1.2 million of these expenses were offset by program specific revenues as compared to \$1.3 million during the prior year. General revenues, primarily state equalization payments and property taxes, of \$19.3 million during the current year plus carryover funds from prior years, were adequate to provide for these programs.
- The General Fund had \$19.7 million in revenues during both fiscal years ending June 30, 2017 and 2016, and \$19.7 million and \$19.1 million in expenditures during those same two years. The General Fund's fund balance decreased by \$146 thousand to \$5.7 million during 2017.
- The statement of net position reflects the changes in regards to GASB 68 (pension liability). The District has complied with the required posting of the liability, but as this liability falls under PERA (Colorado Public Employees' Retirement Association), the District's responsibility to pay the liability is on its actual payroll as expenses are incurred.

**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Overview of the Financial Statements**

This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements, and required and other 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, 2017**

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 Districts Annual Financial Report**

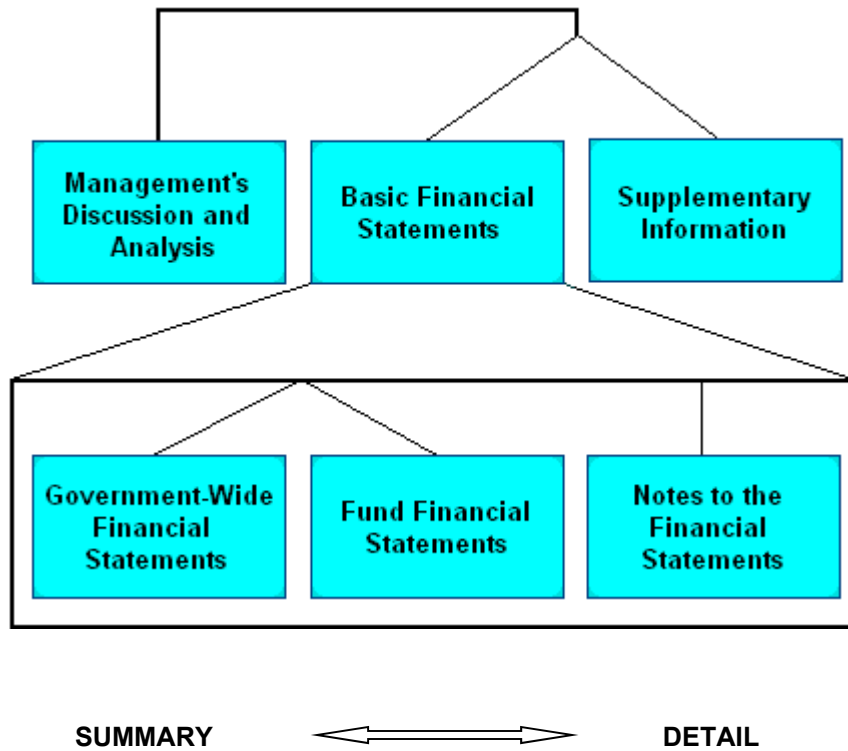


Table 2, displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights 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, 2017**

**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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, 2017**

**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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as *net position*. 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 does not report any business-type activities.

The basic government-wide financial statements can be found on pages 16-17 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.

**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

The District maintains four 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. The other governmental funds are the Capital Projects Fund, Bond Redemption Fund and Food Service Fund. Additional information for each of these governmental funds is 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 18-21 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 22 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 23-45 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 Auditor's Integrity Report are included in this section.

**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Financial Analysis of the District as a Whole**

***Net Position and Changes in Net Position***

The District's net position was less on June 30, 2017, than the year before, decreasing to \$ -15.9 million. Table 3 provides a summary of the District's net position at June 30, 2017.

**Table 3  
Condensed Statement of Net Position  
Governmental Activities**

	2017	2016
<b>Assets</b>		
Current assets	\$77,489,156	\$7,313,469
Capital assets	25,679,682	24,239,612
<b>Total Assets</b>	103,168,838	31,553,081
<b>Deferred Outflows of Resources</b>		
	31,128,315	5,709,408
<b>Liabilities</b>		
Current liabilities	1,783,299	1,107,815
Long-term liabilities	148,009,148	41,792,657
<b>Total Liabilities</b>	149,792,447	42,900,472
<b>Deferred Inflows of Resources</b>		
	364,777	587,839
<b>Net Position</b>		
Net Investment in capital assets	24,255,906	23,921,811
Restricted	5,595,900	855,000
Unrestricted	(45,711,877)	(31,002,633)
<b>Total Net Position – End of Year</b>	\$(15,860,071)	\$(6,225,822)
<b>Total Net Position - beginning of year</b>	\$(6,225,822)	\$(2,383,200)
<b>Amount of increase/decrease</b>	\$(9,634,249)	\$(3,842,622)
<b>Percent of increase/decrease</b>	(155%)	(161%)

**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

At the end of the 2017 fiscal year, District assets reflect positive balances in all of the District funds. Table 4 provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

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

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program Revenues		
Charges to Services	\$245,322	\$236,275
Operating Grants & Contributions	913,125	951,112
Capital Grants & Contributions	-	128,361
<b>General Revenues</b>		
Property & Specific Ownership Taxes	16,628,171	14,948,071
State Equalization	7,626,650	3,402,418
Other	1,526,520	959,020
<b>Total Revenues</b>	<u>26,939,788</u>	<u>20,625,257</u>
<b>Expenses</b>		
Instruction	21,086,631	14,352,943
Support Services		
Pupil/Instructional	3,988,444	2,717,156
General Administration	891,728	706,408
School Administration	2,222,035	1,435,127
Business Services	464,424	294,060
Maintenance/Operations	3,209,964	2,435,429
Pupil Transportation	1,468,744	1,034,374
Central Supporting Services	541,056	476,627
Community Services and Other	95,696	120,742
Interest	1,008,529	7,833
Bond Issuance Cost	484,243	-
Food Service Operations	1,112,543	887,180
<b>Total Expenses</b>	<u>36,574,037</u>	<u>24,467,879</u>
<b>Decrease in Net Position</b>	<u><u>\$(9,634,249)</u></u>	<u><u>\$(3,842,622)</u></u>

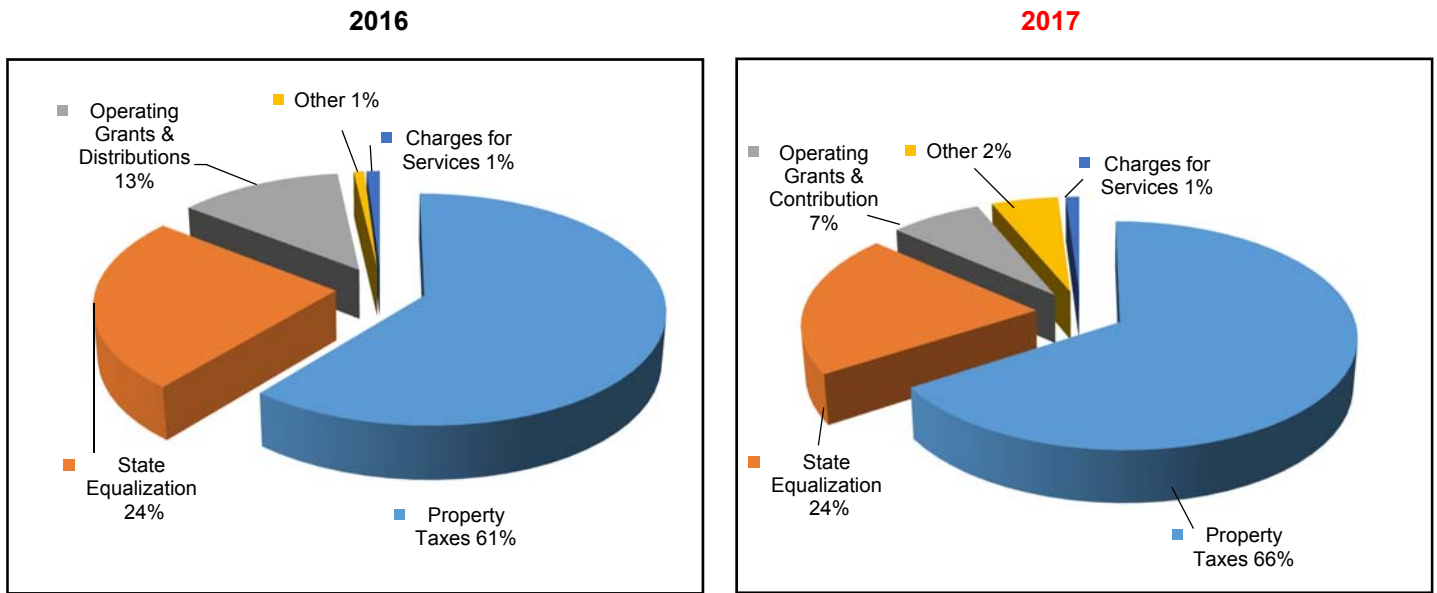
Property and specific ownership taxes and per pupil state formula revenue (state equalization) account for most of the District's revenue, contributing about 62 cents and 28 cents respectively for every dollar raised (see Table 5) on the next page. The remaining 10 cents came from grants and contributions with the remainder from fees charged for services and other 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.

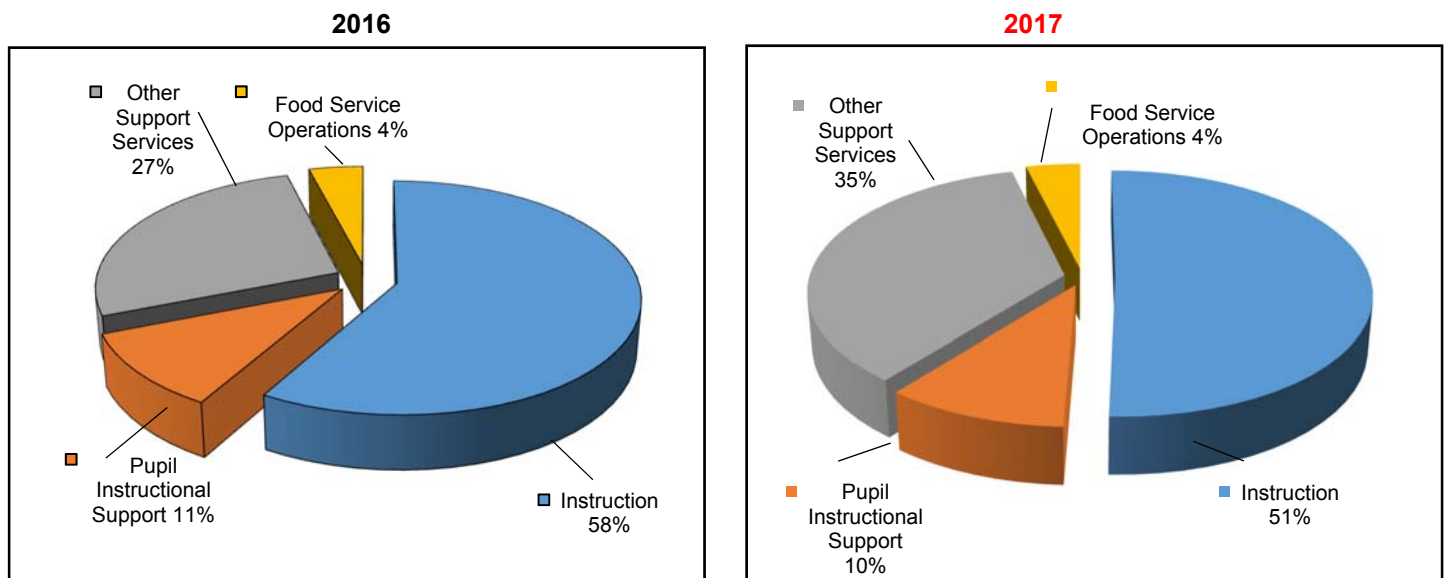
## Weld County School District RE-1 Management's Discussion and Analysis For the Year Ended June 30, 2017

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 2016 and 2017**



**Table 6  
Expenses for Fiscal Year 2016 and 2017**



**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**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 \$7,390 per funded student for fiscal year 2017. Funding for the School Finance Act comes from property taxes, specific ownership tax, and state equalization. The District receives approximately 16 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 \$9,634,249 in the 2017 fiscal year, as compared to a decrease of \$3,842,622 in the 2016 fiscal year.

The governmental funds monitor cash resources and expenditures. Capital outlay within these funds was \$2,924,702 during fiscal year 2017, as compared to \$993,853 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 21, the net difference between capital outlays and depreciation expense was approximately \$1,569,577 for the year ended June 30, 2017, and \$(338,713) for the year ending June 30, 2016.

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**

	<b>2017 Total Cost of Services</b>	<b>2017 Net Cost of Services</b>	<b>2016 Total Cost of Services</b>	<b>2016 Net Cost of Services</b>
Instruction	\$21,086,631	\$20,860,179	\$14,352,943	\$14,037,712
Pupil/Instructional	3,988,444	3,988,444	2,717,156	2,717,156
General Administration	891,728	891,728	706,408	706,408
School Administration	2,222,035	2,222,035	1,435,127	1,435,127
Business Services	464,424	464,424	294,060	294,060
Maintenance/Operations	3,209,964	3,209,964	2,435,429	2,435,429
Public Transportation	1,468,744	1,299,580	1,034,374	724,208
Central Supporting Services	541,056	541,056	476,627	476,627
Community Services/Other	95,696	87,286	120,742	117,470
Bond Issuance Cost	484,243	484,243	-	-
Interest Expense	1,008,529	1,008,529	7,833	7,833
Food Service Operations	1,112,543	358,112	164,101	164,101
<b>Total Expenses</b>	<b>\$36,574,037</b>	<b>\$35,415,590</b>	<b>\$24,467,879</b>	<b>\$23,116,131</b>

**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

The cost of all governmental activities this year was \$36.6 million versus \$24.4 million for the previous fiscal year.

Some of the cost was financed by the users of the District's programs; \$245,322 in 2017 as compared to \$236,275 in 2016. 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 \$913,125 in 2017, versus \$951,112 in 2016.

Most of the District's net costs of \$35.4 million in 2017, as compared to \$23.1 million in 2016 were financed by District and state taxpayers. This portion of governmental activities was financed with \$7.6 million in 2017, and \$3.4 million in 2016, in state equalization from the School Finance Act; \$16.6 million in 2017, as compared to \$14.9 million during 2016, in property and specific ownership tax; and approximately \$1.4 million in 2017, versus \$959 thousand during 2016, in investment earnings and other 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, expenses exceeded revenues in the amount of \$145,739, thereby contributing to a decrease in the fund balance for that fund. In the Capital Projects Fund, revenues exceeded expenses, increasing fund balance to \$65.4 million. In the Food Service Fund, expenses exceeded revenues, decreasing fund balance to \$24,601. The Bond Redemption Fund, a new fund in 2017, had an ending fund balance of \$4,674,900. 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 2017 expenditures. The actual results for the year show a \$145,739 decrease for 2017.

- Actual revenues for 2017, excluding appropriated resources, were \$831,514 more than anticipated due to a conservative budget approach for 2017 revenues. Actual revenues for 2016 were \$15,894 higher than anticipated. The District only obligates new funds from the growth of new students after enrollment is confirmed.
- The actual expenditures were \$19.7 million in 2017 and \$19.1 million in 2016. 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 Taxpayer Bill of Rights (TABOR) Amendment. At June 30, 2017 and 2016, the District's TABOR reserve amounted to \$601,000 and \$585,000 respectively.

**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**Capital Assets and Debt Administration**

**Capital Assets**

By the end of fiscal year 2017, the District had invested \$25.7 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 approximately \$1,440,070 from last year. Additional information on the District's capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$1,355,125, while net additions amounted to \$1,569,577.

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

	<u>Governmental Activities</u> <u>2017</u>	<u>Governmental Activities</u> <u>2016</u>	<u>Total % Change</u> <u>2016-2017</u>
Water Rights	\$185,000	\$185,000	0.0%
Land	299,303	299,303	0.0%
Construction in Progress	1,950,846	-	100%
Site Improvements	217,811	295,225	-26.3%
Buildings and Improvements	21,242,288	21,519,801	-1.3%
Software	9,169	10,697	-14.3%
Equipment	802,102	951,821	-15.7%
Vehicles	973,163	977,765	-.5%
<b>Totals</b>	<b>\$25,679,682</b>	<b>\$24,239,612</b>	

**Long-Term Debt**

At year end, the District had a total of \$67,275,668, including unamortized bond premium, of outstanding long-term debt. The District reduced lease purchase debt in the amount of \$142,831 during the 2016-2017 year (See Table 9) below. In addition, the District entered into a general obligation bond during 2017. Principal payments to be made in 2017-2018 is \$2,930,544.

**Table 9  
Long-Term Debt**

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amounts Due</u> <u>In One Year</u>
Capital Lease Obligations	\$317,801	-	\$142,831	\$174,970	\$105,544
General Obligation Bond, including premium	-	\$67,491,358	\$390,660	\$67,100,698	\$2,825,000
<b>Total Long Term Debt</b>	<b>\$317,801</b>	<b>\$67,491,358</b>	<b>\$533,491</b>	<b>\$67,275,668</b>	<b>\$2,930,544</b>



**Weld County School District RE-1  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017**

**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 2016-2017 school year results in a decrease of 7.7 FTE compared to the 1,877.9 FTE that was projected in the 2016-2017 Adopted Budget. This decrease in the number of students will provide approximately \$56,907 less in additional revenue. The per pupil funding is expected to increase from \$7,390 in Fiscal 2017 to \$7,629 in Fiscal 2018, providing approximately \$448,818 in new funding to address inflationary increases. The current projections indicate an average increase of approximately \$239 per student for the 2017-2018 school year.
- 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 \$1.8 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.

**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/Operations Officer, Weld County School District RE-1, 14827 W.C.R. 42, P.O. Box 157, Gilcrest, Colorado 80623-0157.

## Basic Financial Statements

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**Weld County School District RE-1**  
**Statement of Net Position**  
**June 30, 2017**

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and investments	\$ 11,368,823
Restricted cash, cash equivalents and investments	65,851,892
Grants receivable	129,004
Property taxes receivable	124,464
Inventory	14,973
Capital assets:	
Nondepreciable	2,435,149
Depreciable, net of accumulated depreciation	23,244,533
<b>Total assets</b>	<b>103,168,838</b>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources relating to pensions	31,128,315
<b>Total deferred outflows of resources</b>	<b>31,128,315</b>
<b>Liabilities</b>	
Accounts payable	636,502
Accrued salaries and benefits	1,039,845
Accrued interest payable	102,050
Unearned revenue	4,902
Noncurrent liabilities:	
Due within one year	2,930,544
Due in more than one year	64,345,124
Net pension liability	80,733,480
<b>Total liabilities</b>	<b>149,792,447</b>
<b>Deferred inflows of resources</b>	
Deferred inflows of resources relating to pensions	364,777
<b>Total deferred inflows of resources</b>	<b>364,777</b>
<b>Net position</b>	
Net investment in capital assets	24,255,906
Restricted for:	
Emergencies	601,000
Multi year obligations	320,000
Debt service	4,674,900
Unrestricted	(45,711,877)
<b>Total net position</b>	<b>\$ (15,860,071)</b>

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

**Weld County School District RE-1**  
**Statement of Activities**  
**Year Ended June 30, 2017**

Functions/programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Governmental
					Change in Net Position
<b>Governmental activities:</b>					
Instruction	\$ 21,086,631	\$ 30,566	\$ 195,886	\$ -	\$ (20,860,179)
Support services:					
Pupil and instructional	3,988,444	-	-	-	(3,988,444)
General administration	891,728	-	-	-	(891,728)
School administration	2,222,035	-	-	-	(2,222,035)
Business services	464,424	-	-	-	(464,424)
Maintenance and operations	3,209,964	-	-	-	(3,209,964)
Pupil transportation	1,468,744	39,475	129,689	-	(1,299,580)
Central supporting services	541,056	-	-	-	(541,056)
Community services and other	95,696	8,400	-	-	(87,296)
Food service operations	1,112,543	166,881	587,550	-	(358,112)
Bond issuance costs	484,243	-	-	-	(484,243)
Interest expense	1,008,529	-	-	-	(1,008,529)
<b>Total governmental activities / primary government</b>	<b>\$ 36,574,037</b>	<b>\$ 245,322</b>	<b>\$ 913,125</b>	<b>\$ -</b>	<b>(35,415,590)</b>
<b>General revenues</b>					
Property taxes levied for:					
General purposes					9,614,190
Debt services					5,963,279
Specific ownership taxes for:					
General purposes					1,050,702
Intergovernmental					
Equalization entitlement					7,626,650
Payment in lieu of land dedication					154,725
Earnings on investments					17,908
Oil and gas royalties					223,970
Miscellaneous					1,129,917
<b>Total general revenues</b>					<b>25,781,341</b>
<b>Change in net position</b>					<b>(9,634,249)</b>
<b>Net position at beginning of year</b>					<b>(6,225,822)</b>
<b>Net position at end of year</b>					<b>\$ (15,860,071)</b>

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

# Weld County School District RE-1

## Balance Sheet

### Governmental Funds

June 30, 2017

	General Fund	Capital Projects Fund	Bond Redemption Fund	Food Service Fund (Nonmajor)	Total Governmental Funds
<b>Assets</b>					
Cash, cash equivalents and investment:	\$ 6,562,797	\$ 84,656	\$ 4,670,455	\$ 50,915	\$ 11,368,823
Restricted cash, cash equivalents and investments	-	65,851,892	-	-	65,851,892
Grants receivable	76,873	-	-	52,131	129,004
Property taxes receivable	120,019	-	4,445	-	124,464
Due from other funds	56,959	-	-	-	56,959
Inventory	-	-	-	14,973	14,973
<b>Total assets</b>	<b>\$ 6,816,648</b>	<b>\$ 65,936,548</b>	<b>\$ 4,674,900</b>	<b>\$ 118,019</b>	<b>\$ 77,546,115</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 113,969	\$ 522,533	\$ -	\$ -	\$ 636,502
Accrued salaries and benefits	1,008,288	-	-	31,557	1,039,845
Due to other funds	-	-	-	56,959	56,959
Unearned revenue	-	-	-	4,902	4,902
<b>Total liabilities</b>	<b>1,122,257</b>	<b>522,533</b>	<b>-</b>	<b>93,418</b>	<b>1,738,208</b>
<b>Fund balances</b>					
Nonspendable	-	-	-	14,973	14,973
Restricted	921,000	65,414,015	4,674,900	-	71,009,915
Assigned	-	-	-	9,628	9,628
Unassigned	4,773,391	-	-	-	4,773,391
<b>Total fund balances</b>	<b>5,694,391</b>	<b>65,414,015</b>	<b>4,674,900</b>	<b>24,601</b>	<b>75,807,907</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,816,648</b>	<b>\$ 65,936,548</b>	<b>\$ 4,674,900</b>	<b>\$ 118,019</b>	<b>\$ 77,546,115</b>

*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, 2017

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

Fund balance - governmental funds		\$ 75,807,907
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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	\$ 47,845,234	
Less: accumulated depreciation	<u>(22,165,552)</u>	25,679,682

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reflected in the fund financial statements.

Deferred outflows of resources	\$ 31,128,315	
Deferred inflows of resources	<u>(364,777)</u>	30,763,538

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:

Bonds payable	\$ (59,405,000)	
Plus: bond premium	(7,695,698)	
Capital lease obligations	(174,970)	
Accrued interest payable	(102,050)	
Net pension liability	<u>(80,733,480)</u>	<u>(148,111,198)</u>

<b>Total net position - governmental activities</b>		<b>\$ (15,860,071)</b>
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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, 2017**

	General Fund	Capital Projects Fund	Bond Redemption Fund	Food Service Fund (Nonmajor)	Total Governmental Funds
<b>Revenues</b>					
Local	\$ 11,185,414	\$ 488,216	\$ 5,971,823	\$ 167,010	\$ 17,812,463
State	8,160,125	-	-	14,816	8,174,941
Federal	379,650	-	-	572,734	952,384
<b>Total revenues</b>	<b>19,725,189</b>	<b>488,216</b>	<b>5,971,823</b>	<b>754,560</b>	<b>26,939,788</b>
<b>Expenditures</b>					
Current:					
Instruction	10,881,006	-	-	-	10,881,006
Supporting services:					
Pupil and instructional	2,395,456	-	-	-	2,395,456
General administration	569,441	-	-	-	569,441
School administration	1,217,497	-	-	-	1,217,497
Business services	268,361	-	-	-	268,361
Maintenance and operations	2,406,144	8,939	-	-	2,415,083
Pupil transportation	715,464	-	-	-	715,464
Central supporting services	495,067	-	-	-	495,067
Community services and other	95,696	-	-	-	95,696
Food service operations	-	-	-	779,814	779,814
Debt service:					
Principal	142,831	-	-	-	142,831
Interest	8,460	-	1,296,923	-	1,305,383
Bond issuance costs	-	484,243	-	-	484,243
Capital outlay	495,505	2,576,290	-	-	3,071,795
<b>Total expenditures</b>	<b>19,690,928</b>	<b>3,069,472</b>	<b>1,296,923</b>	<b>779,814</b>	<b>24,837,137</b>
Excess (deficiency) of revenues over expenditures	34,261	(2,581,256)	4,674,900	(25,254)	2,102,651
<b>Other financing sources (uses)</b>					
Transfer in	-	180,000	-	-	180,000
Transfer out	(180,000)	-	-	-	(180,000)
Proceeds from bond issuance	-	59,405,000	-	-	59,405,000
Bond premium	-	8,086,358	-	-	8,086,358
<b>Total other financing sources (uses)</b>	<b>(180,000)</b>	<b>67,671,358</b>	<b>-</b>	<b>-</b>	<b>67,491,358</b>
<b>Change in fund balances</b>	<b>(145,739)</b>	<b>65,090,102</b>	<b>4,674,900</b>	<b>(25,254)</b>	<b>69,594,009</b>
<b>Fund balances at beginning of year</b>	<b>5,840,130</b>	<b>323,913</b>	<b>-</b>	<b>49,855</b>	<b>6,213,898</b>
<b>Fund balances at end of year</b>	<b>\$ 5,694,391</b>	<b>\$ 65,414,015</b>	<b>\$ 4,674,900</b>	<b>\$ 24,601</b>	<b>\$ 75,807,907</b>

*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, 2017**

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

Change in fund balance - governmental funds. \$ 69,594,009

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	\$ (1,355,125)	
Capital outlay	<u>2,924,702</u>	1,569,577

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.

142,831

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.

(93,806)

Accretion of bond premium is included in the statement of activities against interest expense, but is not reflected on the statement of revenues, expenditures and changes in fund balances.

390,660

The net book value of capital assets disposed of, net of proceeds, is reflected as a loss on sale of capital assets. The net book value is not reflected in the fund financial statements.

(129,507)

The issuance of long-term debt, including premiums, net of prepaid bond insurance costs, is reported as other financing sources in the governmental funds; however, issuing debt increases long-term debt liabilities in the statement of net position.

(67,491,358)

Changes in the District's net pension liability, deferred outflows of resources and deferred inflows of resources related to the District's pension plan for the current year are not reported in governmental funds but are included in the statement of activities.

(13,616,655)

**Change in net position of governmental activities**

**\$ (9,634,249)**

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



**Weld County School District RE-1**  
**Statement of Fiduciary Net Position**  
**June 30, 2017**

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Assets		Agency Fund
Cash, cash equivalents and investments	\$	275,153
Certificates of deposit		90,000
<b>Total assets</b>		<b>365,153</b>
<b>Liabilities</b>		
Due to student groups	\$	365,153

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

**Weld County School District RE-1**  
**Notes to Financial Statements**  
**June 30, 2017**

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## 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.

**Weld County School District RE-1**  
**Notes to Financial Statements**  
**June 30, 2017**

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

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 are the District's major governmental funds:

*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.

*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.

*Bond Redemption Fund* - The Bond Redemption Fund is a debt service fund used to account for the resources accumulated for the payments of general long-term debt principal and interest.

Additionally, the District reports the following nonmajor governmental fund:

*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.

# Weld County School District RE-1

## Notes to Financial Statements

### June 30, 2017

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile 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, Bond Redemption, Capital Projects, Food Service and Student Activity Funds are adopted on a basis consistent with GAAP.
- 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, 2017**

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

	Original Budget		Total Revisions		Revised Budget
<b>Governmental funds:</b>					
General	\$ 24,065,905	\$	-	\$	24,065,905
Capital projects	381,878		2,118,122		2,500,000
Bond Redemption Fund	-		5,000,000		5,000,000
Food service	819,608		-		819,608
<b>Fiduciary fund:</b>					
Student activity	986,788		-		986,788
	\$ 26,254,179	\$	7,118,122	\$	33,372,301

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	\$ 386,788	\$ 386,788	\$ 337,135	\$ (49,653)
Additions (receipts)	600,000	600,000	683,384	83,384
Total funds available	986,788	986,788	1,020,519	33,731
Deductions (disbursements)	(986,788)	(986,788)	(655,366)	331,422
Ending funds available	\$ -	\$ -	\$ 365,153	\$ 365,153

***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.

***Investments and Fair Value Measurements***

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Weld County School District RE-1**  
**Notes to Financial Statements**  
**June 30, 2017**

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*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.

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*

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

**Weld County School District RE-1**  
**Notes to Financial Statements**  
**June 30, 2017**

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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.

*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, 2017.

*Bond Issuance Costs, Premium and Discounts, and Bond Refunding*

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

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

*Unearned Revenues*

The District includes grant funds that have been collected, where the corresponding expenditures have not been incurred, as 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 60 sick days. Each June, employees are reimbursed at one-half the current substitute pay for unused sick days which exceed 60 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, 2017, there is no accrual in the financial statements, as management deemed the balance to be immaterial.

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

*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.



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*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.

As of June 30, 2017, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Bond Redemption Fund	Food Service Fund (Nonmajor)	Total Governmental Funds
<b>Nonspendable:</b>					
Inventory	\$ -	\$ -	\$ -	\$ 14,973	\$ 14,973
<b>Restricted:</b>					
Emergencies	601,000	-	-	-	601,000
Debt Service Payments	-	-	4,674,900	-	4,674,900
Multi year obligations	320,000	-	-	-	320,000
Capital projects	-	65,414,015	-	-	65,414,015
<b>Assigned:</b>					
Food service	-	-	-	9,628	9,628
<b>Unassigned:</b>	<b>4,773,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,773,391</b>
<b>Total fund balances</b>	<b>\$ 5,694,391</b>	<b>\$65,414,015</b>	<b>\$ 4,674,900</b>	<b>\$ 24,601</b>	<b>\$ 75,807,907</b>

***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

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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.

*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. Cash, Cash Equivalents and Investments**

At June 30, 2017, the District had cash, cash equivalent and investment, including restricted cash, cash equivalents and investments as follows:

Cash on hand	\$	375
Bank deposits		6,167,594
Local government investment pools		71,327,899
<b>Total cash deposits</b>	<b>\$</b>	<b>77,495,868</b>

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

<i>Statement of net position</i>		
Cash, cash equivalents and investments	\$	11,368,823
Restricted cash, cash equivalents and investments		65,851,892
<i>Statement of fiduciary net position</i>		
Cash, cash equivalents and investments		275,153
<b>Total cash, cash equivalents and investments</b>	<b>\$</b>	<b>77,495,868</b>

*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

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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, 2017, the District had deposits with financial institutions with a carrying amount of \$6,167,594. The bank balances with the financial institutions were \$6,229,201, of which \$527,447 was covered by federal depository insurance. The remaining balance of \$5,701,754 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
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2017, the District had the following investments:

Description	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 90,000	\$ -	\$ 90,000
	\$ -	\$ 90,000	\$ -	\$ 90,000

*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, 2017, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust.

*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.

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*Local Government Investment Pool*

At June 30, 2017, the District had invested \$71,327,899 in the Colorado Local Government Liquid Asset Trust (the "Trust"), a local government investment pool. As an investment pool, the Trust operates under the C.R.S. 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.colotruster.com](http://www.colotruster.com).

District policy is to hold investments until maturity. The District has investments in a local government investment pool (COLOTRUST), which is regulated by State statute so that the funds held are fully collateralized. COLOTRUST adheres to FASB and reports its investment in accordance with ASC 820. COLOTRUST maintains a stable net asset value of \$1 per share using the fair value method.

### 3. Capital Assets

A summary of changes in governmental-activities capital assets for the year ended June 30, 2017, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Water rights	\$ 185,000	\$ -	\$ -	\$ 185,000
Land	299,303	-	-	299,303
Construction in Progress	-	1,950,846	-	1,950,846
<b>Total capital assets, not being depreciated</b>	<b>484,303</b>	<b>1,950,846</b>	<b>-</b>	<b>2,435,149</b>
Capital assets, being depreciated				
Site improvements	1,989,078	-	-	1,989,078
Buildings and improvements	37,942,249	555,509	-	38,497,758
Software	15,281	-	-	15,281
Equipment	2,430,437	105,638	(57,862)	2,478,213
Vehicles	2,375,626	312,709	(258,580)	2,429,755
<b>Total capital assets, being depreciated</b>	<b>44,752,671</b>	<b>973,856</b>	<b>(316,442)</b>	<b>45,410,085</b>
Less accumulated depreciation for:				
Site improvements	(1,693,853)	(77,414)	-	(1,771,267)
Software	(4,584)	(1,528)	-	(6,112)
Buildings and improvements	(16,422,448)	(833,022)	-	(17,255,470)
Equipment	(1,478,616)	(226,083)	28,588	(1,676,111)
Vehicles	(1,397,861)	(217,078)	158,347	(1,456,592)
<b>Total accumulated depreciation</b>	<b>(20,997,362)</b>	<b>(1,355,125)</b>	<b>186,935</b>	<b>(22,165,552)</b>
<b>Total capital assets, being depreciated, net</b>	<b>23,755,309</b>	<b>(381,269)</b>	<b>(129,507)</b>	<b>23,244,533</b>
<b>Governmental activities capital assets, net</b>	<b>\$24,239,612</b>	<b>\$ 1,569,577</b>	<b>\$ (129,507)</b>	<b>\$25,679,682</b>

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

Governmental Activities:	
Instruction	\$ 1,128,060
Pupil transportation	217,078
Food service operations	9,987
<b>Total depreciation expense, governmental activities</b>	<b>\$ 1,355,125</b>

#### 4. 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, 2017, amounting to \$1,039,845 in the governmental activities.

#### 5. Long-Term Debt

The following is a summary of changes in long-term debt of the District for the year June 30, 2017:

	Balance			Balance	Amounts
	Beginning	Additions	Reductions	Ending	Due in
					One Year
<b>Capital lease obligations dated</b>					
July 15, 2013	\$ 40,044	\$ -	\$ 40,044	\$ -	-
July 20, 2014	74,614	-	36,770	37,844	37,844
July 15, 2015	203,143	-	66,017	137,126	67,700
<b>General obligation bonds:</b>					
2017 General Obligation Bonds	-	59,405,000	-	59,405,000	2,825,000
Unamortized bond premium	-	8,086,358	390,660	7,695,698	n/a
<b>Total long term debt</b>	<b>\$ 317,801</b>	<b>\$ 67,491,358</b>	<b>\$ 533,491</b>	<b>\$ 67,275,668</b>	<b>\$ 2,930,544</b>

#### *General Obligation Bonds- Series 2017*

During 2017, the District issued general obligation bonds for \$59,405,000, with varying interest rates of 4.0% to 5.0%, for the purpose of the construction of new school buildings, and improving, repairing and making additions to existing school buildings. The bonds were issued for a fifteen year period with final maturity during fiscal year 2031.

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The annual requirements to amortize the general obligation bond is outstanding as of June 30, 2017, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2018	\$ 2,825,000	\$ 2,376,200	\$ 5,201,200
2019	2,940,000	2,263,200	5,203,200
2020	3,055,000	2,540,925	5,595,925
2021	3,180,000	2,676,250	5,856,250
2022	3,335,000	2,517,250	5,852,250
2023-2027	19,365,000	9,910,250	29,275,250
2028-2032	24,705,000	4,561,250	29,266,250
<b>Total</b>	<b>\$59,405,000</b>	<b>\$ 26,845,325</b>	<b>\$ 86,250,325</b>

*Capital lease obligations*

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 computer equipment.

On July 15, 2015, the District entered into a lease purchase agreement with a third party to acquire computer equipment. The lease term is four years and calls for annual payments of \$71,197, principal and interest, at 2.55% through July 15, 2018. The lease is collateralized by the computer equipment.

The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2017, are as follows:

Fiscal Year Ending June 30	Amount
2018	\$ 110,146
2019	71,196
Total lease payments	181,342
Less: amount representing interest	(6,372)
Present value of future lease payments	\$ 174,970

The book value of assets acquired through capital lease at June 30, 2017, is as follows:

Equipment	\$ 423,628
Less: accumulated depreciation	(196,320)
<b>Total</b>	<b>\$ 227,308</b>

**6. 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

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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](http://www.copera.org)

*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.

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.

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

*Contributions*

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, 2016	For the Year Ended December 31, 2017
Employer Contribution Rate <sup>1</sup>	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) <sup>1</sup>	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF <sup>1</sup>	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	4.50%	5.00%
Total Employer Contribution Rate to the SCHDTF <sup>1</sup>	18.13%	18.63%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,269,355 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$80,733,480 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2016 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2016, the District's proportion was 0.27116 percent, which was an increase of .00002 from its proportion measured as of December 31, 2015.



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For the year ended June 30, 2017, the District recognized pension expense of \$15,886,010. At June 30, 2017, 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	\$ 1,009,292	\$ 710
Net difference between projected and actual earnings on pension plan investments	2,699,559	-
Changes of assumptions or other inputs	26,196,331	364,067
Changes in proportionate share	57,752	-
District contributions subsequent to the measurement date	1,165,381	-
	\$ 31,128,315	\$ 364,777

The \$1,165,381 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, 2018. 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
2018	\$ 12,035,913
2019	11,670,560
2020	5,865,129
2021	26,555
	\$ 29,598,157

*Actuarial assumptions*

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
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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Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial Cost Method	Entry Age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 9.70 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 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

Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

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

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

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

**Weld County School District RE-1**  
**Notes to Financial Statements**  
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- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SCHDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant 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 November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

*Discount rate*

The discount rate used to measure the total pension liability was 5.26 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

**Weld County School District RE-1**  
**Notes to Financial Statements**  
**June 30, 2017**

Based on the above assumptions and methods, the projection test indicates the SCHDTF's fiduciary net position was projected to be depleted in 2041 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2041 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to periods on and after 2041 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.26 percent.

As of the prior measurement date, the projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent, 2.24 percent higher compared to the current measurement date.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 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 (4.26 percent) or 1-percentage-point higher (6.26 percent) than the current rate

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
District's proportionate share of the net pension liability	\$101,519,757	\$80,733,480	\$63,803,810

## 7. 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 benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### *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 C.R.S., 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, 2015, 2016, and 2017 are \$117,916, \$122,441, and \$125,915, respectively, equal to their required contributions for each year.

**Weld County School District RE-1**  
**Notes to Financial Statements**  
**June 30, 2017**

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## **8. Voluntary Investment Program**

### *Plan Description*

Employees of the District who are members of the SCHDTF 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 PERA Board of Trustees. PERA issues a publicly available Annual Report for Colorado PERA’s 401(k) and DC Plans. That report may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### *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 2015-2017, and \$17,500 for the calendar years 2014 and 2013). In addition, catch-up contributions, up to \$6,000 for calendar year 2015-2017 and \$5,500 for the 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 C.R.S., as amended. For the years ended June 30, 2015, 2016, and 2017, the 401(k) Plan member contributions from the District and the component unit were \$40,370, \$55,903 and \$55,447 respectively

## **9. 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, 2016, the District received federal and state funds through the BOCES in the amount of \$383,944 and paid the BOCES \$79,007 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.

## **10. Risk Management**

The District belongs to the Colorado School Districts Self-insurance Pool (the “Pool”) that was formed in 1981 to give individual districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price, and more control over the entire risk management function. The coverage provided by the Pool is property, crime, general liability, auto liability and physical damage, and errors and omissions. The Board of Directors is composed of seven persons who are district school board members, superintendents or district business officials. The Pool became self-administered in May 1997, and currently has eleven employees.

**Weld County School District RE-1**  
**Notes to Financial Statements**  
**June 30, 2017**

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Each member's premium contribution is determined by the Pool based on factors including, but not limited to, the aggregate Pool claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income, and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuary study is conducted annually. These reports may be obtained by contacting the Pool's administrative offices at 6857 South Spruce Street, Centennial, Colorado 80112.

## **11. 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, 2017, 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.

### *Self-Insurance Pool*

As discussed in Note 10, 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.

### *Commitments*

The District has various construction contracts with remaining contractual commitments of approximately \$54 million as of June 30, 2017.

## **12. 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.

**Weld County School District RE-1**  
**Notes to Financial Statements**  
**June 30, 2017**

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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 \$601,000 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.

### **13. Colorado Local Government Budget Laws**

Colorado local government budget laws state that a District shall not expend any moneys in excess of the appropriated by resolution. Expenditures in the Capital Projects Fund has exceeded their appropriations by \$569,472, which may be a violation of Colorado local government budget laws.

### **14. Subsequent Events**

Management of the District has evaluated subsequent events through January 17, 2018, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosures in the financial statements were identified.



## Required Supplementary Information

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**Weld County School District RE-1**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Local	\$ 12,867,801	\$ 12,867,801	\$ 11,185,414	\$ (1,682,387)
State	5,625,529	5,625,529	8,160,125	2,534,596
Federal	400,345	400,345	379,650	(20,695)
Appropriated reserves	5,000,000	5,000,000	-	(5,000,000)
<b>Total revenues</b>	<b>23,893,675</b>	<b>23,893,675</b>	<b>19,725,189</b>	<b>(4,168,486)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Instruction	11,121,646	11,121,646	10,881,006	240,640
<b>Supporting services:</b>				
Pupil and instructional	2,348,221	2,348,221	2,395,456	(47,235)
General administration	645,424	645,424	569,441	75,983
School administration	1,170,141	1,170,141	1,217,497	(47,356)
Business services	271,950	271,950	268,361	3,589
Maintenance and operations	2,325,462	2,325,462	2,406,144	(80,682)
Pupil transportation	740,859	740,859	715,464	25,395
Central supporting services	549,848	549,848	495,067	54,781
Community services and other	89,800	89,800	95,696	(5,896)
<b>Debt service:</b>				
Principal	141,760	141,760	142,831	(1,071)
Interest	9,532	9,532	8,460	1,072
Capital outlay	225,000	225,000	495,505	(270,505)
Reserves and contingencies	4,426,262	4,426,262	-	4,426,262
<b>Total expenditures</b>	<b>24,065,905</b>	<b>24,065,905</b>	<b>19,690,928</b>	<b>4,374,977</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(172,230)</b>	<b>(172,230)</b>	<b>34,261</b>	<b>206,491</b>
<b>Other financing sources (uses)</b>				
Proceeds from capital leases	172,230	172,230	-	(172,230)
Transfers out	-	-	(180,000)	(180,000)
<b>Total other financing sources (uses)</b>	<b>172,230</b>	<b>172,230</b>	<b>(180,000)</b>	<b>(352,230)</b>
<b>Change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(145,739)</b>	<b>\$ (145,739)</b>
<b>Fund balance at beginning of year</b>			<b>5,840,130</b>	
<b>Fund balance at end of year</b>			<b>\$ 5,694,391</b>	

*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**

December 31,	2016	2015	2014	2013
District's proportion of the net pension liability	0.27116%	0.27118%	0.26465%	0.24564%
District's proportionate share of the net pension liability	\$ 80,733,480	\$ 41,474,856	\$ 35,869,131	\$ 30,396,753
District's covered-employee payroll	\$ 12,169,941	\$ 11,806,117	\$ 11,083,333	\$ 9,900,917
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	663.38%	351.30%	323.63%	307.01%
Plan fiduciary net position as a percentage of the total pension	43.10%	59.20%	62.84%	64.07%

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

Information for the years prior to 2013 was not available to report.

*See accompanying Independent Auditor's Report*

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

Years Ended June 30,	2017	2016	2015	2014
Statutorily Required Contribution	\$ 2,269,355	\$ 2,251,307	\$ 1,952,240	\$ 1,697,250
Contributions in Relation to the Statutorily Required Contribution	2,269,355	2,251,307	1,952,240	1,697,250
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 12,344,610	\$ 12,004,029	\$ 11,560,387	\$ 10,616,063
Contributions as a Percentage of Covered Employee Payroll	18.38%	18.75%	16.89%	15.99%

2013	2012	2011	2010	2009	2008
\$ 1,495,052	\$ 1,378,360	\$ 1,369,232	\$ 1,407,591	\$ 1,343,775	\$ 1,083,262
1,495,052	1,378,360	1,369,232	1,407,591	1,343,775	1,083,262
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,931,052	\$ 9,720,207	\$ 10,312,761	\$ 11,371,713	\$ 11,706,835	\$ 11,662,462
15.05%	14.18%	13.28%	12.38%	11.48%	9.29%

*See accompanying Independent Auditor's Report*

## Other Supplementary Information

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**Weld County School District RE-1**  
**Budgetary Comparison Schedule**  
**Capital Projects Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Cash in lieu of land dedication	\$ -	\$ 154,725	\$ 154,725	\$ -
Other revenue	50,000	1,690,623	10,218	(1,680,405)
Earnings on investments	500	323,274	323,273	(1)
Reserves and contingencies	331,378	331,378	-	(331,378)
<b>Total revenues</b>	<b>381,878</b>	<b>2,500,000</b>	<b>488,216</b>	<b>(2,011,784)</b>
<b>Expenditures</b>				
Other	8,000	1,486,740	8,939	1,477,801
Capital outlay	192,000	575,957	2,576,290	(2,000,333)
Debt service	-	-	484,243	(484,243)
Reserves	181,878	437,303	-	437,303
<b>Total expenditures</b>	<b>381,878</b>	<b>2,500,000</b>	<b>3,069,472</b>	<b>(569,472)</b>
Deficiency of revenues over expenditures	-	-	(2,581,256)	(2,581,256)
<b>Other financing sources</b>				
Proceeds from bond issuance	-	-	59,405,000	(59,405,000)
Bond premium	-	-	8,086,358	(8,086,358)
Transfer in	-	-	180,000	(180,000)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>67,671,358</b>	<b>(67,671,358)</b>
<b>Change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>65,090,102</b>	<b>\$ 65,090,102</b>
Fund balance at beginning of year			323,913	
Fund balance at end of year			<b>\$ 65,414,015</b>	

*See accompanying Independent Auditor's Report.*

**Weld County School District RE-1**  
**Budgetary Comparison Schedule**  
**Bond Redemption Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local	\$ -	\$ 5,000,000	\$ 5,971,823	\$ 971,823
<b>Total revenues</b>	-	5,000,000	5,971,823	971,823
<b>Expenditures</b>				
Debt service	-	1,296,923	1,296,923	-
Reserves	-	3,703,077	-	3,703,077
<b>Total expenditures</b>	-	5,000,000	1,296,923	3,703,077
<b>Change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,674,900</b>	<b>\$ 4,674,900</b>
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ 4,674,900</u>	

*See accompanying Independent Auditor's Report.*



**Weld County School District RE-1**  
**Budgetary Comparison Schedule**  
**Food Service Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Food sales	\$ 181,820	\$ 181,820	\$ 166,881	\$ (14,939)
USDA reimbursements	470,000	470,000	507,084	37,084
Donated commodities	-	-	65,650	65,650
State reimbursement	8,000	8,000	14,816	6,816
Other revenues	650	650	129	(521)
Reserves and contingencies	159,138	159,138	-	(159,138)
<b>Total revenues</b>	<b>819,608</b>	<b>819,608</b>	<b>754,560</b>	<b>(65,048)</b>
<b>Expenditures</b>				
Salaries and benefits	392,557	392,557	428,267	(35,710)
Supplies and materials	346,650	346,650	350,246	(3,596)
Other	22,000	22,000	1,301	20,699
Reserve contingency	58,401	58,401	-	58,401
<b>Total expenditures</b>	<b>819,608</b>	<b>819,608</b>	<b>779,814</b>	<b>39,794</b>
<b>Change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(25,254)</b>	<b>\$ (25,254)</b>
Fund balance at beginning of year			49,855	
Fund balance at end of year			<b>\$ 24,601</b>	

*See accompanying Independent Auditor's Report.*



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 3080 - WELD COUNTY RE-1  
 Fiscal Year 2016-17  
 Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Req 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
<b>Governmental</b>				
10 General Fund	5,940,129	19,545,189	19,690,926	5,694,392
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub-Total	5,940,129	19,545,189	19,690,926	5,694,392
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
21 Food Service Spec Revenue Fund	49,855	754,559	779,814	24,601
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	5,971,822	1,296,922	4,674,901
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	323,913	68,159,575	3,069,474	65,414,015
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>		6,211,898	94,431,146	24,837,137
<b>Proprietary</b>				75,807,907
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
<b>Totals</b>		0	0	0
<b>Fiduciary</b>				
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	337,135	683,384	655,366	363,152
79 GASB 34/Permanent Fund	0	0	0	0
85 Foundations:	0	0	0	0
<b>Totals</b>	337,135	683,384	655,366	363,152

FINAL

## Statistical Section

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

June 30,	2017	2016	2015*	2014
<b>General government expenditures by function</b>				
Instruction	\$ 10,881,006	\$ 10,582,739	\$ 10,198,793	\$ 9,550,335
Supporting services:				
Pupil and instructional	2,395,456	2,195,334	2,035,728	1,925,705
General administration	569,441	578,427	599,386	588,225
School administration	1,217,497	1,160,266	1,093,570	988,510
Maintenance and operations	2,415,083	2,220,415	2,275,922	1,670,700
Pupil transportation	715,464	694,125	699,470	633,935
Business services	268,361	238,868	261,394	246,819
Central supporting services	495,067	462,635	474,011	503,963
Community services and other	95,696	120,236	15,962	10,512
Food service operations	779,814	780,310	781,781	-
Debt service:				
Principal	142,831	186,045	152,076	152,559
Interest	1,305,383	6,655	6,911	7,363
Bond issuance costs	484,243			
Capital projects:				
Capital outlay	147,093	-	-	-
Water rights	-	-	-	-
Land and improvements	-	11,844	149,249	-
Construction in progress	1,950,846	-	-	-
Buildings	555,509	468,473	768,324	1,670,682
Equipment and vehicles	418,347	513,536	637,084	405,613
<b>Total expenditures</b>	<b>\$ 24,837,137</b>	<b>\$ 20,219,908</b>	<b>\$ 20,149,661</b>	<b>\$ 18,354,921</b>
<b>General government revenues by source</b>				
General property taxes	\$ 15,572,565	\$ 14,321,061	\$ 11,834,202	\$ 10,694,043
Specific ownership taxes	1,050,702	626,242	830,198	866,865
Interest on delinquent taxes	4,904	759	1,882	2,537
Earnings on investments	10,619	2,789	756	804
Other local sources	1,761,223	1,595,216	1,777,157	1,229,105
Federal grants	379,650	468,262	424,612	601,687
State sources	8,160,125	3,885,268	4,404,100	4,962,192
Proceeds from bond issuance	59,405,000	-	-	-
Bond premium	8,086,358	-	-	-
<b>Total revenues</b>	<b>\$ 94,431,146</b>	<b>\$ 20,899,597</b>	<b>\$ 19,272,907</b>	<b>\$ 18,357,233</b>

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

	2013	2012	2011	2010	2009	2008
\$	9,179,601	\$ 8,414,847	\$ 9,125,799	\$ 10,051,949	\$ 10,147,395	\$ 9,462,642
	1,592,348	1,557,628	1,706,668	2,102,266	2,136,404	2,438,395
	601,192	404,920	438,296	410,135	383,056	983,273
	833,349	855,690	802,600	863,707	829,105	1,142,725
	1,661,077	1,777,490	1,690,193	155,113	142,206	1,880,517
	657,656	649,367	670,936	1,724,666	1,735,961	664,511
	207,369	188,985	176,656	670,908	655,700	114,427
	436,940	468,162	431,420	405,894	516,959	23,081
	14,316	38,519	50,121	31,210	26,016	19,001
	-	-	-	-	-	-
	152,313	166,715	200,944	161,069	130,017	-
	7,512	8,261	10,006	9,997	-	-
	-	-	-	-	-	-
	-	-	-	-	160,000	-
	10,000	-	-	-	-	-
	-	-	-	-	-	-
	389,121	-	-	-	-	-
	208,834	151,568	217,683	257,799	587,471	195,048
\$	15,951,628	\$ 14,682,152	\$ 15,521,322	\$ 16,844,713	\$ 17,450,290	\$ 16,923,620
\$	10,726,243	\$ 7,862,912	\$ 6,257,717	\$ 8,494,941	\$ 6,125,954	\$ 6,357,971
	649,592	518,976	430,421	511,550	541,465	620,203
	2,008	1,719	1,295	3,512	967	2,227
	2,772	2,873	3,970	1,078	9,051	105,973
	180,908	361,553	394,163	257,004	245,817	561,063
	578,434	595,868	1,182,114	897,340	504,761	445,951
	4,939,233	6,217,606	8,293,861	6,722,538	8,554,899	7,801,854
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	17,079,190	\$ 15,561,507	\$ 16,563,541	\$ 16,887,963	\$ 15,982,914	\$ 15,895,242

*See accompanying Independent Auditor's Report.*

**Weld County School District RE-1**  
**Schedule of Statistical Data**  
**Ten Fiscal Years Ended**

June 30,	2017	2016	2015	2014
Estimated value of taxable property	\$ 2,411,815,058	\$ 3,073,623,314	\$ 2,670,289,691	\$ 2,295,051,264
Assessed valuation	\$ 920,507,235	\$ 1,550,245,510	\$ 1,371,573,470	\$ 1,096,631,446
Mill levy by fund				
General fund	10.444	9.163	9.069	9.760
Bond redemption fund	6.512	-	-	-
Total district mill levy	16.956	9.163	9.069	9.760
Mill levy including overlapping				
Governments - by population center				
LaSalle	74.025	64.211	67.080	65.281
Gilcrest	82.311	73.856	73.904	74.414
Platteville	69.110	60.931	60.703	56.063
General property tax revenue net				
General fund	9,614,190	14,321,829	11,836,084	\$ 11,909,325
Bond redemption fund	5,943,876	-	-	-
Total general property tax revenue - net	\$ 15,558,066	\$ 14,321,829	\$ 11,836,084	\$ 11,909,325
State equalization entitlement	\$ 7,626,650	\$ 3,402,418	\$ 3,982,261	\$ 4,677,482
Legal debt margin - end of year	\$ 184,121,124	\$ 310,049,102	\$ 274,314,694	\$ 219,326,289

2013	2012	2011	2010	2009	2008
\$ 2,222,955,571	\$ 1,832,950,253	\$ 1,031,556,600	\$ 1,900,256,062	\$ 1,491,837,121	\$ 1,498,417,524
\$ 1,101,343,912	\$ 905,404,150	\$ 661,409,550	\$ 1,031,556,600	\$ 655,842,950	\$ 691,912,940
9.745	8.683	9.393	8.212	9.367	9.198
-	-	-	-	-	-
9.745	8.683	9.393	8.212	9.367	9.198
65.281	70.056	68.284	63.007	61.253	59.889
72.527	72.316	69.221	64.500	65.765	65.034
57.951	55.044	56.119	54.973	55.697	56.767
\$ 10,765,243	\$ 7,862,912	\$ 6,257,717	\$ 8,494,941	\$ 6,125,954	\$ 6,357,971
-	-	-	-	-	-
\$ 10,765,243	\$ 6,257,717	\$ 8,494,941	\$ 6,125,954	\$ 6,357,971	\$ 6,503,749
\$ 4,553,829	\$ 5,713,892	\$ 7,715,385	\$ 5,713,892	\$ 8,158,569	\$ 7,451,837
\$ 181,080,830	\$ 132,281,910	\$ 206,311,320	\$ 131,168,590	\$ 138,382,588	\$ 142,894,926

*See accompanying Independent Auditor's Report.*